North Carolina
Department of State Treasurer

Dale R. Folwell, CPA
State Treasurer of North Carolina

STRATEGIC PLAN
2021-2023
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## GOAL 1: PROVIDE PUBLIC LEADERSHIP IN FINANCE, FISCAL AND HEALTH POLICY

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## GOAL 3: INNOVATE AND MODERNIZE OPERATIONS

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## GOAL 4: MAXIMIZE OUR TALENT

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## TROPHY CASE: HIGHLIGHTS IN TRANSPARENCY, SUSTAINABILITY, AND FISCAL LEADERSHIP
About the North Carolina Department of State Treasurer

The North Carolina Department of State Treasurer serves the people of North Carolina through a variety of functions related to the financial health of the state and its citizens. State Treasurer Dale R. Folwell, CPA serves as the state’s banker and chief investment officer and is responsible for approximately $140 billion in assets.

The Department administers the employee retirement systems for more than 950,000 public workers and retirees, along with their 401(k), 457 and 403(b) plans. DST also oversees the State Health Plan, which provides healthcare coverage to more than 750,000 teachers, state employees, retirees, current and former lawmakers, state university and community college personnel, and their dependents. Fiscal assistance and expertise are provided by the Department to 1,300 local governmental units by aiding them in the sale of local government debt obligations and in maintaining sound budgeting, accounting, and reporting procedures. The Department also administers the NC Cash unclaimed property database valued at almost $920 million.

The NC Department of State Treasurer has approximately 400 employees and is comprised of the following divisions:

- Office of State Treasurer
- Retirement Systems
- State Health Plan
- Unclaimed Property
- State and Local Government Finance
- Financial Operations
- Investment Management
- Information Technology
Mission, Vision, and Values

Mission Statement, Vision, and Values

Our Department’s Mission
Our mission is to preserve, protect and sustain the state’s pension and healthcare plans, reduce investment fees while maximizing returns, properly account for and report on all funds that are deposited, invested, and disbursed through the North Carolina Department of State Treasurer, assure the financially sound issuance of debt for state and local governments, maintain the state’s “AAA” bond rating, and provide exemplary service across all divisions of the Department.

Vision Statement
Our vision is to sustain and advance the performance and efficiency of the North Carolina Department of State Treasurer, always focusing on our loyalty and duty of care to participants.

Values
At the heart of the Department's work are its core values, which are implemented consistently at all levels and across all divisions. They are:

- **Fiduciary Duty** – focus on the taxpayers of the State of North Carolina.
- **Integrity, Ability and Passion** – ensure that all North Carolina Department of State Treasurer employees are guided by these three principles as they perform their duties.
- **Make a Generational Difference** – focus on the big picture.
- **Transparency** – structure and conduct all aspects of our work with an open and transparent policy that promotes trust and accountability.
Goal 1: Provide Public Leadership in Finance, Fiscal and Health Policy

Office of State Treasurer

Objective: Direct Administrative Resources to Drive Business Goals

Utilize Communications Assets to Drive Business Goals

The Communications team will continue to build and use assets to support the Department’s business goals. An example of this is utilizing social media channels to raise awareness about conditions like diabetes and COPD, which are primary drivers of cost in the Department’s State Health Plan. The Communications team will continue to help drive business efficiencies, reductions in costs, and increases in customer satisfaction.

Performance Measures and Milestones

- Increase the total value and reach of Communications assets like distribution lists, numbers of social media followers, and press engagement
- Find ways to tie Department Communications to business goals; like promoting automated 1099 forms in Retirement System to decrease the number of calls for help

Renewed Focus on Social Media Operations for Individual Divisions

The Communications team has put significant effort into over-hauling its social media operations. The team plans to renew these efforts by focusing on social media operations for individual divisions.

Performance Measures and Milestones

- Develop specific social media metrics to continually monitor
- Improve social media metrics for State Health Plan, Retirement Systems Division, and State & Local Government Finance Division-related content
- Increase quality and quantity of content that gets engagement, special emphasis on graphics and video

State & Local Government Finance Division

Objective: Provide education and support to assist local government finance officers, elected officials, and others in understanding and fulfilling their fiscal management obligations under GS 159

Course for local elected officials

Collaborate with the North Carolina League of Municipalities (NCLM), North Carolina Association of County Commissioners (NCACC), and the University of North Carolina School of Government (SOG) to develop easily accessible fiscal management training for local government elected officials. Provide subject matter expertise to guide scope and content of training.

Performance Measures and Milestones

- Participate in meetings to develop content

Expansion of ACC 3240

ACC 3240: Local Government Finance: A Practical Approach was developed in 2016 by SLGFD with input from volunteers from NCLM, NCACC, and various units of local government. This course was initially offered at community colleges throughout the state.

Performance Measures and Milestones

- Encourage campuses to offer the class
- Assist in finding appropriate instructors
- Encourage units to make full use of the course

Fiscal training materials for local governments

Provide modern training and tools to local governments via the internet, including webinars, videos, and interactive websites.

Performance Measures and Milestones

- Increased traffic on SLGFD training webpage
- Document usage of various products
- Survey users as to usefulness of materials
Goal 1: Provide Public Leadership in Finance, Fiscal and Health Policy

Objective: Provide policy makers with the information, analysis, and resources they need to develop and implement long term solutions to the fiscal challenges facing the State and local governments

Predictive model for local government fiscal viability

Develop a predictive model that will identify, capture, and analyze key metrics and factors associated with the long-term fiscal viability of local governments and anticipate fiscal issues and at-risk units. Provide results to policy makers to assist them in developing and implementing long term solutions.

Performance Measures and Milestones

- Development of model

Assist State-level policymakers to assess the implications of various capital funding and debt issuance scenarios

Through the publication of the Debt Affordability Advisory Committee (DAAC) study and analysis of various debt or capital funding initiatives, provide material information to the Governor, General Assembly, and other policymakers. Provide legal and financial review of proposed legislation regarding debt.

Performance Measures and Milestones

- Annual publication of DAAC report and other analyses as requested

Develop legislation to allow the Local Government Commission to recommend units for de-charter in certain circumstances

Propose and support legislative efforts to provide pathways to repeal municipal charters when their finances and/or management repeatedly fail to meet adequate standards jeopardizing the ability of the unit to meet the needs of their citizens and requirements of the State.

Performance Measures and Milestones

- Enactment of Historic Charter legislation

Objective: Promote prudent financial decision making and conservative debt management

Continue the role of the Local Government Commission as a leader in public finance and fiscal management

Educate members of the General Assembly and local government officials on best practices in debt management; educate local government officials and staffs on prudent financial decision making and fiscal responsibility.

Performance Measures and Milestones

- Positive and favorable response by members of the General Assembly to 1) DST budget requests; 2) DST legislative requests; 3) DST views on proposed legislation

Objective: Achieve efficient and effective implementation of local governments’ capital financing plans

Develop and implement rules concerning financial advisor engagements with local government units that are proposing debt issuance to finance capital projects

G.S. 159-123(e) requires Local Government Commission approval of engagements of financial consultants with local governments that are considering issuing debt to finance their capital projects. Currently there are no rules in place to guide Commission staff, and these engagements often are approved “after the fact”. Commission staff is seeking rules to ensure efficient and effective financial advisor engagements with local governments.

Performance Measures and Milestones

- Rules which establish uniform procedures for approval of financial consultant engagements
### Updates on Past Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Details</th>
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<tbody>
<tr>
<td>COURSE FOR LOCAL ELECTED OFFICIALS</td>
<td>Collaborate with the North Carolina League of Municipalities (NCLM), North Carolina Association of County Commissioners (NCACC), and the University of North Carolina School of Government (SOG) to develop easily accessible fiscal management training for local government elected officials. Provide subject matter expertise to guide scope and content of training.</td>
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<tr>
<td>FISCAL TRAINING MATERIALS FOR LOCAL GOVERNMENTS</td>
<td>Provide modern training and tools to local governments via the internet using webinars, videos, and interactive websites.</td>
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<td>EXPANSION OF ACC 3240</td>
<td>ACC 3240: Local Government Finance: A Practical Approach was developed in 2016 by SLGFD with input from volunteers from NCLM, NCACC, and various units of local government, and was initially offered at three community colleges throughout the State.</td>
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<tr>
<td>PREDICTIVE MODEL FOR LOCAL GOVERNMENT FISCAL VIABILITY</td>
<td>Develop a predictive model that will identify, capture, and analyze key metrics and factors associated with the long-term fiscal viability of local governments and anticipate fiscal issues and at-risk units. Provide results to policy makers to assist them in developing and implementing long term solutions.</td>
</tr>
<tr>
<td>ASSIST STATE-LEVEL POLICYMAKERS IN ASSESSING THE IMPLICATIONS OF VARIOUS CAPITAL FUNDING AND DEBT ISSUANCE SCENARIOS</td>
<td>Provide material information to the governor, general assembly and other policymakers through the application of the Debt Affordability Advisory Committee (DAAC) study. Provide legal and financial review of proposed legislation regarding debt.</td>
</tr>
<tr>
<td>DEVELOP LEGISLATION TO ALLOW THE LOCAL GOVERNMENT COMMISSION TO RECOMMEND “HISTORIC CHARTERS”</td>
<td>DST will submit a proposal to the General Assembly to allow units of government to opt for a “Historical Charter” when they fail to meet financial and/ or management standards. The Local Government Commission (LGC) should have the authority to recommend for units to go to historic charter status if they are on the LGC’s Unit Assistance List and they fail to respond to a Unit Letter after notice and an opportunity to comply.</td>
</tr>
</tbody>
</table>
Goal 1: Provide Public Leadership in Finance, Fiscal and Health Policy

Investment Management Division

Objective: Create a proactive strategy for the long-term sustainability of retirement and health benefits

Continue to explore expanding internal management capabilities beyond current internal strategies

The Department has achieved significant cost savings by expanding its internal investment management capabilities. The Department may be able to provide even more long-term value for the State by increasing its internal management strategies.

Performance Measures and Milestones
- Evaluate investment strategies that could be managed effectively with internal resources
- Conduct a cost/benefit analysis of implementing any identified strategies

Conduct an Asset Liability Management Study (ALM)

It is best practice to periodically evaluate the objectives, risk tolerances, and constraints that drive the long-term strategic asset allocation for the investment portfolio. This evaluation considers the interaction of assets, liabilities, and associated funding policy to provide a holistic view of the retirement systems.

Performance Measures and Milestones
- Completed Asset Liability Management study
- Propose changes to long-term asset allocation policy and investment policy statement
Goal 1: Provide Public Leadership in Finance, Fiscal and Health Policy

Continue to evaluate approaches to add value to North Carolina Retirement Systems by increasing cost effectiveness and reducing complexity

To maximize the net return earned for the retirement plans for the desired level of risk, a continued evaluation of investment management fees, administration costs, and portfolio complexity is important.

Performance Measures and Milestones

- Maintain low investment costs with high cost effectiveness compared to peers as measured by the annual CEM investment cost effectiveness analysis

Updates on Past Initiatives

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<th>Initiative</th>
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| INITIATIVE: DETERMINE LONG TERM EFFECTIVENESS OF MANAGED ACCOUNT PLATFORM | Performance Measures and Milestones
  - Cost benefit analysis of current use and long-term projections
  - Assessment that fees, lock-ups, and terms are materially better than commingled market
  - All-in cost of vehicles on MAP have at least 35bps savings versus commingled market |

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<thead>
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| INITIATIVE: EXPAND INTERNAL MANAGEMENT | The Department may be able to provide even more long-term value for the State by increasing its internal management strategies. Performance Measures and Milestones
  - Complete cost benefit analysis of internal needs (infrastructure, resourcing, etc.) versus external management |

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<thead>
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| INITIATIVE: ASSET LIABILITY STUDY | Conduct an asset liability study to determine if changes to the long-term asset allocation policy is needed. Performance Measures and Milestones
  - Complete study with proposed changes to long term asset allocation policy and investment policy statement |

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<tr>
<th>Initiative</th>
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| INITIATIVE: STRATEGIC PARTNERSHIPS IN INVESTMENTS | Continue to reduce complexity in the NCRS investment portfolio by focusing on strategic partnerships and cost efficiency. Performance Measures and Milestones
  - Reduction in total investment costs as measured by the annual CEM investment cost effectiveness analysis |

State Health Plan

Objective: Provide value for State Health Plan members by innovating the way that the Plan pays for and provides service and care

Evaluate and Develop Clear Pricing Project Strategy

The State Health Plan’s Clear Pricing Project was developed to secure the Plan’s financial future and to promote quality, accessible health care. The goal is to ensure that members have this valuable benefit for years to come, while bringing transparency to health care expenses and addressing the rising health costs that members face every day.
Goal 1: Provide Public Leadership in Finance, Fiscal and Health Policy

Performance Measures and Milestones

- Develop a viable alternative payment model strategy
- Expand Alternate Payment Models to focus on high-quality, cost-effective CPP providers

Improve the member experience while educating members about how to use Plan benefits
Navigating health benefits can be daunting for members. The Plan has a duty to proactively educate members about their health benefits. The Plan does this by educating stakeholders, and by reaching out to members and Health Benefits Representatives.

Performance Measures and Milestones

- Continue providing Health Benefits Representatives (HBRs) education and training opportunities by building specialized training modules within the web-based remote learning tool, HBR University
- Continue building health plan literacy via webinars and on-site events including outreach efforts for members turning 65
- Increase awareness of the Wellness Champions worksite wellness program, which offers opportunities for Plan members to lead, build and promote wellness and healthy activities in their worksites
- Research new ways to engage members through various platforms to promote the plan through new channels that attract members of all ages
- Promote additional programs to members, such as Blue365, to encourage members to take advantage of the discounts and incentives available which are part of their health care benefits

Work toward full compliance with new federal rules and regulations
The American Rescue Plan Act of 2021 and the Transparency in Coverage federal rule will begin on January 1, 2022 and has several impacts on the Plan.

Performance Measures and Milestones

- Develop and implement COBRA notice and premium changes required by the American Rescue Plan Act of 2021 along with an accompanying employing unit reporting and invoice requirements
- Analyze regulations contained in Section 2715A of the Public Health Service (PHS) Act, which provides that group health plans and health insurance issuers offering group or individual health insurance coverage must comply with section 1311(e)(3) of the Patient Protection and Affordable Care Act (PPACA)

Updates on Past Initiatives

INITIATIVE: IMPLEMENT PROVIDER REIMBURSEMENT STRATEGY
Transition the State Health Plan to a reference-based pricing model to reimburse providers based on a percentage of Medicare rates.

Performance Measures and Milestones

- Provider participation
- Quality of member care/improvement in health outcomes
- Overall cost reductions (including overpayment prevention/recovery/payment integrity generated from additional contractual language)
- Provider access

INITIATIVE: IMPLEMENT TARGETED DISEASE AND CASE MANAGEMENT STRATEGY WITH NEW TPA CONTRACT EFFECTIVE JANUARY 1, 2019
Implement new targeted approach to population health management services to include members identified with the following conditions: chronic obstructive pulmonary disease (COPD), congestive heart failure, coronary artery disease, diabetes, asthma, cerebrovascular disease and peripheral artery disease.

Performance Measures and Milestones

- Rate and trend in participation
- Claims experience of identified population over a prior period and future period
- Member behavior change strategies
#### Goal 1: Provide Public Leadership in Finance, Fiscal and Health Policy

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<th>INITIATIVE: IMPROVE MEMBER EXPERIENCE</th>
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<td></td>
<td>Enhance the member enrollment workflow in enroll which the online member enrollment portal is provided through the Benefitfocus contract.</td>
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<td></td>
<td><strong>Performance Measures and Milestones</strong></td>
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<tr>
<td></td>
<td>• Post Open Enrollment (OE) feedback from Members and HBRs as well as the types and number of OE exception requests</td>
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<tr>
<th>Complete</th>
<th>INITIATIVE: OTHER RFPs AND/OR CONTRACTS MIGRATING TO PLAN TERMS AND CONDITIONS</th>
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<td></td>
<td>Medicare Advantage RFP – the current Medicare Advantage contract is in year 7 with the option for 2019 already executed. The Plan will evaluate the best strategy for the State as it moves forward.</td>
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<td></td>
<td>The Enrollment and Eligibility Services contract is in year 3 of a 3-year contract with 2, 1-year extension options, both of which have been executed. The Plan will evaluate the best value strategy for the state as it moves to put an SHP contract in place no later than January 1, 2021</td>
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<th>Ongoing</th>
<th>INITIATIVE: IMPROVE THE EFFECTIVENESS OF DISABILITY PROGRAMS</th>
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<td>Seek changes to disability programs that will increase effectiveness at providing benefits to eligible members. Promote administrative efficiencies while improving the capabilities of the Medical Board to assess applicants.</td>
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<td></td>
<td><strong>Performance Measures and Milestones</strong></td>
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<td></td>
<td>• Department proposes actions to improve efficiency and effectiveness of disability programs</td>
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<tr>
<th>Ongoing</th>
<th>INITIATIVE: REDUCE OVERPAYMENTS AND MORE EFFECTIVELY COLLECT THEM WHEN THEY OCCUR</th>
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<tr>
<td></td>
<td>Evaluate policy and legislative proposals to prevent and identify, collect overpayment balances owed to RSD.</td>
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<td><strong>Performance Measures and Milestones</strong></td>
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<td>• Overpayment collections increase; outstanding collectible balances decrease</td>
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<td></td>
<td>RSD operates in an increasingly challenging compliance environment. The risk of fraud and noncompliance with federal laws and regulations, state laws and administrative code is significant. RSD plans to enhance its Compliance program to best protect the fiscal integrity of the NC Retirement Systems.</td>
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<td><strong>Performance Measures and Milestones</strong></td>
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<td></td>
<td>• Department adds qualified staff to perform audits and improve processes</td>
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## Retirement Systems Division

### Updates on Past Initiatives

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<th>INITIATIVE: PROMOTE LONG-TERM SUSTAINABILITY OF THE NC RETIREMENT SYSTEMS</th>
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<tr>
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<td>Seek changes to the systems that will preserve and protect the systems such that they may continue to be operated in a fiscally prudent manner.</td>
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<td></td>
<td><strong>Performance Measures and Milestones</strong></td>
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<td></td>
<td>• Actions to reduce cost and volatility</td>
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Goal 1: Provide Public Leadership in Finance, Fiscal and Health Policy

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<tr>
<th>Initiative</th>
<th>Description</th>
<th>Performance Measures and Milestones</th>
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<tr>
<td>Complete</td>
<td>Initiative: Delivery of MyNCRetirement (MRS) Statements to Members</td>
<td>Seek opportunities to enhance MRS and shorten delivery time to members while also increasing communications and marketing outreach around this important tool. MRS delivered earlier than current schedule</td>
</tr>
<tr>
<td>Ongoing</td>
<td>Initiative: Retirement Planning Conferences and Tours</td>
<td>Leverage employer relationships and technology to increase member participation in the NC Supplemental Retirement Plans. Increased participation in NC Supplemental Retirement Plans</td>
</tr>
<tr>
<td>Ongoing</td>
<td>Initiative: Reduce Retiree Outflow from the SRP Plans</td>
<td>Leverage communication tools and investment options to retain participants and assets in the plans to maintain competitive participant fees and services. Reduce participant and assets outflow from the Supplemental Retirement Plans</td>
</tr>
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Implement long term-strategy for respondent banking services for the State of North Carolina

FOD Banking is responsible for “clearing” all State warrants legally drawn on the Treasurer per N.C.G.S 147-68(a). Annually, FOD Banking clears approximately three million warrants in performing this duty. Currently, the Federal Reserve presents these warrants through the Fed Master Account of a commercial bank that FOD Banking reimburses twice daily. As banks migrate away from providing respondent banking services, FOD Banking will seek to identify and implement a long-term, cost effective solution to replace the current respondent banking service. FOD Banking will utilize the assistance of FOD P&C to procure the solution and be focusing on the sustainability of the solution, impact to State entities, and the cost to implement and maintain the solution.

 Performance Measures and Milestones
- Implement vendor to provide replacement for respondent banking services

Objective: Provide the Office of State Controller with the information, analysis, and resources needed to successfully implement the North Carolina Accounting System

Support the Office of State Controller to help successfully implement all phases of the North Carolina Accounting System

The Office of State Controller is working to meet the legislative requirement to replace the North Carolina Accounting System and the Cash Management Control System. Both systems present risks to the financial operations of the State as they age, go out of support, and as the State personnel who maintain them retire. OSC is replacing NCAS and CMCS with Oracle Cloud Financial applications. The new system is a fully integrated single repository that will serve as the State’s new financial backbone. This new system is referred to as the North Carolina Financial System.

 Performance Measures and Milestones
- Timely and successful implementation of the system

Financial Operations Division

Objective: Create A Proactive Strategy for Long-Term Sustainability of Respondent Banking Services
Goal 2: Enhance Accountability of Department Services

Office of State Treasurer

Objective: Enhance Compliance of Administrative Resources

Obtain an External Quality Assurance Review

The Internal Audit Act requires all internal audit functions to conform with the Standards for the Professional Practice of Internal Auditing issued by the Institute for Internal Auditors (IIA). Based on IIA Standard 1312, QAR’s should be performed every five years. The Department of State Treasurer’s last QAR was performed in March 2016.

Performance Measures and Milestones

- Completion of a successful review by the end of 2021

Enhancement of Compliance and Ethics Program

Continue to develop and strengthen the compliance and ethics program to meet Department-wide needs.

Performance Measures and Milestones

- Compliance staff train and advise on internal compliance and ethics matters and provide, or otherwise make available, training for staff as needed

Maintain Compliant, Modern Department Web Assets

The Office of State Treasurer recently completed a major overhaul of the Department’s main website. Our websites are now a vital element for many Department operations. We plan to take action to ensure that our sites remain modern and up to date. We want them to function well into the future.

Performance Measures and Milestones

- Move Department web assets to .gov domain names in compliance with new federal rules
- Migrate all websites to Drupal 8 and 9. These are major overhauls to the infrastructure of our Content Management Systems

Updates on Past Initiatives

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<tr>
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<th>Details</th>
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<tbody>
<tr>
<td>IMPLEMENT AN INTERNAL AUDIT SYSTEM THAT IS CONSISTENT WITH STATE-WIDE BEST PRACTICES</td>
<td>Complete</td>
<td>The IAD/CAO is currently pursuing an Internal Audit System that is compatible with the rest of the state. Conditional on the IAD/CAO implementation, the Office of State Treasurer’s Internal Audit team will likely be included as a user of the chosen state-wide audit system.</td>
</tr>
<tr>
<td>INCREASE STAFF IN THE INTERNAL AUDIT DIVISION TO PROVIDE ADEquate COVERAGE OF RISK AREAS</td>
<td>Ongoing</td>
<td>Work with management to develop a staffing plan as found in the 2016-17 NC Department of State Treasurer Strategic Plan</td>
</tr>
<tr>
<td>ENHANCEMENT OF COMPLIANCE PROGRAM</td>
<td>Ongoing</td>
<td>Further develop compliance program for improvement in meeting compliance requirements with internal and external policies</td>
</tr>
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</table>

Performance Measures and Milestones

- Implement an Internal Audit system that is consistent with IAD
- Fully staff the Department’s Internal Audit Division
- Compliance staff complete training related to internal compliance and ethics
Goal 2: Enhance Accountability of Department Services

State & Local Government Finance Division

**Objective:** Develop, implement, and recommend solutions for transparency and efficiency in state and local government fiscal management

Enhance efficiency, effectiveness, and transparency of financial management by providing subject matter expertise to local governments seeking an automated financial system meeting the requirements of North Carolina local governments

Work with Steering Committee comprised of DST, NCLM, and NCACC representatives to requirements for a system that meets the needs of smaller units and the State; develop proposals for a structure to facilitate the selection and purchase of the system by units.

**Performance Measures and Milestones**
- Selection of a system that meets stakeholder needs

Support implementation of NC Session Law 2020-79 and the Viable Utility Reserve

In collaboration with the UNC School of Government, local governments, DEQ and other stakeholders, continue to support and implement the requirements of Viable Utility Reserve legislation and help to identify and implement long-term solutions for struggling water and wastewater systems around the state.

**Performance Measures and Milestones**
- Recommendation of ideas to stakeholders and policy makers to create more viable long-term enterprises

### Updates on Past Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUTOMATED FINANCIAL SYSTEM</td>
<td>Work with Steering Committee comprised of DST, N.C. League of Municipalities, and N.C. Association of County Commissioners representatives to select a system that meets the needs of smaller units and the State.</td>
</tr>
<tr>
<td>PLAN TO CREATE VIABLE WATER/SEWER ENTERPRISES</td>
<td>SLGFD staff, working with UNC School of Government, five local governments, DEQ and consultants, has researched the causes and issues with the Fair Bluff-Fairmont water/sewer utility. Present findings and offer potential solutions to them and other entities with similar problems.</td>
</tr>
<tr>
<td>FULLY COMPLY WITH REGULATIONS GOVERNING MUNICIPAL BONDS</td>
<td>Procure separate Disclosure Counsel to assist in the development of expanded State-level disclosure to financial markets and the development and implementation of Post Issuance Compliance policies and procedures. Full launch of new procedures expected in the spring of 2019.</td>
</tr>
</tbody>
</table>
Goal 2: Enhance Accountability of Department Services

Investment Management Division

Objective: Promote and improve transparency and ethical processes

Evaluate recommendations coming out of the third-party Governance, Operations, and Investment Practices review

To ensure the investment management process continually evolves to maintain effectiveness and efficiency, it is important to obtain a third-party evaluation of the process, and then incorporate recommendations as appropriate.

Performance Measures and Milestones

• Evaluate the cost benefit analysis of the recommendations and implement the ones that are determined to add value

Continue demonstrating a commitment to transparency, accountability, and compliance with fiduciary principles

North Carolina’s retirement system is known for its transparency and for its commitment to a strong ethical framework. The Investment Management Division will consider to be a leader in this area of public finance.

Performance Measures and Milestones

• Maintain the depth and breadth of information available to stakeholders related to investments compared with best practices, as reviewed during the Governance, Operations, and Investment Practice review

State Health Plan

Updates on Past Initiatives

| INITIATIVE: IMPLEMENT TOTAL PLAN PORTFOLIO ANALYTICS SERVICE |
| Complete |
| Performance Measures and Milestones |
| • Complete implementation in 2019 and enhancement of current risk reporting |

| INITIATIVE: ASSESS NEEDS, REPORTING, AND STRUCTURE TO SUPPORT GROWING AGPIP PROGRAM |
| Complete |
| Performance Measures and Milestones |
| • Long term client service model developed; resourcing needs and cost structure determined |

| INITIATIVE: ENHANCE MEMBER EXPERIENCE AND OUTREACH |
| Ongoing |
| Performance Measures and Milestones |
| • Research new communication technology or vendor partnerships relative to member outreach |
| • Research vendor capabilities or permanent part-time employment opportunities to provide direct outreach |
| • Develop strategies for gaining direct access to teachers through collaboration with DPI and/or other sources |
Goal 2: Enhance Accountability of Department Services

INITIATIVE: DEVELOP PLAN DESIGN MODERNIZATION STRATEGY

Analyze opportunities to modernize and enhance the Plan’s benefit offerings, while providing ways to financially sustain the Plan.

Performance Measures and Milestones
- Research IT capabilities, needs, processes, and updates
- Migrate key staff to higher performance, smaller profile (size)
- Leverage Office 365 capabilities
- Increase RAM for staff who work with significant amounts of data
- Research cost/use for Smartboards
- Consider offering two actuarially different plan designs for active employees
- Consider offering Health Savings Account/Health Reimbursement Account
- Design strategy to increase dependent participation by using Plan savings or requesting that the NCGA allow us to lower the dependent cost to $525-$550
- Research policy allowing the State Health Plan to offer the Plan to community college and University system students

Unclaimed Property Division

Objective: Enhance constituent relationships including members, customers, Department, government, stakeholders & citizens

Expand targeted Holder Education to increase compliance and address specific holder issues and questions

The Unclaimed Property Division (UPD) will expand efforts to engage and educate holders regarding Unclaimed Property reporting laws through presentations and training sessions held virtually or in person and through web-based information and tools.

Performance Measures and Milestones
- Quarterly holder education sessions
- Reach an increased number of industry types and participants through a variety of Holder Education session formats
- Increase the number of holders that are first-time filers by 10%

Objective: Effectively manage risk, resources, and compliance

Implement formal fraud prevention and detection strategies

Develop and implement comprehensive strategies that will reduce risk of fraudulent unclaimed property claim payments.

Performance Measures and Milestones
- Fraud prevention and detection technology and internal procedures will be established to include strategies for preventing, detecting, and reporting attempted fraudulent unclaimed property claims
- A training module will be developed and incorporated into the training manual for new employees that will include fraud prevention and detection strategies. Annual refresher training will be developed for existing employees
## Goal 2: Enhance Accountability of Department Services

### Updates on Past Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INITIATIVE: EXPAND TARGETED HOLDER EDUCATION TO ADDRESS SPECIFIC HOLDER ISSUES AND QUESTIONS</strong>&lt;br&gt; &lt;br&gt;The Unclaimed Property Division (UPD) will expand efforts to engage and educate holders regarding Unclaimed Property reporting laws through presentations and training sessions held in person and through web-based tools.</td>
<td><strong>Performance Measures and Milestones</strong>&lt;br&gt;• Holder Education sessions will be held throughout the year&lt;br&gt;• UPD will reach an increased number of industry types and participants through a variety of Holder Education session formats&lt;br&gt;• Holder Education will assist in increasing the number of holders that are first-time filers each year</td>
</tr>
<tr>
<td><strong>INITIATIVE: IMPLEMENT FORMAL FRAUD PREVENTION AND DETECTION STRATEGIES</strong>&lt;br&gt; &lt;br&gt;Develop and implement comprehensive strategies that will reduce risk of fraudulent unclaimed property claim payments.</td>
<td><strong>Performance Measures and Milestones</strong>&lt;br&gt;• Establish formal policies and procedures for preventing, detecting, and reporting attempted fraudulent unclaimed property claims</td>
</tr>
</tbody>
</table>

### Reshape the Learning and Development Program

Build a team of trainers and coaches to support RSD’s learning needs by assessing capability gaps, designing effective learning paths, and providing ongoing assessments, training, and coaching in a standardized and trackable manner.

**Performance Measures and Milestones**
- Partnering with RSD leadership to better assess and support their needs
- Increase staff engagement, morale, and retention
- Create new training mediums and documents to meet the needs of a diverse work environment

### Updates on Past Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INITIATIVE: IMPROVE TRANSPARENCY OF ADMINISTRATIVE CODE PROCESSES</strong>&lt;br&gt; &lt;br&gt;Commit resources to the development, review, and update of administrative rules governing the work of RSD staff and the Boards of Trustees</td>
<td><strong>Performance Measures and Milestones</strong>&lt;br&gt;• Administrative rules considered for all new legislation and project evaluating its existing status is completed&lt;br&gt;• Department adds qualified staff to perform audits and improve processes</td>
</tr>
<tr>
<td><strong>INITIATIVE: DESIGN, DEVELOP AND IMPLEMENT EFFECTIVE MEDICAL BOARD OVERSIGHT PROCESSES</strong>&lt;br&gt; &lt;br&gt;Leverage technology and industry best practices to assess applications for disability benefits consistently and effectively</td>
<td><strong>Performance Measures and Milestones</strong>&lt;br&gt;• Department proposes legislative or operational updates as necessary based on review&lt;br&gt;• Department requests funding for administration</td>
</tr>
</tbody>
</table>

### Retirement Systems Division

**Objective:** Develop our workforce through the effective use of strategic talent acquisition, retention, and training
Goal 2: Enhance Accountability of Department Services

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Complete</strong></td>
<td><strong>INITIATIVE: IMPROVING STAKEHOLDER RELATIONSHIPS</strong> &lt;br&gt;Establish and maintain good working relationships with member and employer association groups to ensure sound decision-making and to build consensus on policy &lt;br&gt;<strong>Performance Measures and Milestones</strong> &lt;br&gt;• Quarterly stakeholder meetings held and all stakeholder group inquiries are addressed promptly</td>
</tr>
<tr>
<td><strong>Complete</strong></td>
<td><strong>INITIATIVE: INTERNAL POLICY DEVELOPMENT AND MONITORING</strong> &lt;br&gt;Timely updates, revisions, and development of internal policies and procedures to conform with legislation, policy, and rules applicable to RSD. &lt;br&gt;<strong>Performance Measures and Milestones</strong> &lt;br&gt;• Policies &amp; Procedures are developed and updated in a timely manner</td>
</tr>
<tr>
<td><strong>Ongoing</strong></td>
<td><strong>INITIATIVE: LOWER EMPLOYER PAYROLL ERRORS OF MEMBER RECORDS SUBMITTED TO RSD</strong> &lt;br&gt;RSD will work towards upgrading certain critical areas that would reduce the volume of errors on a monthly basis. The team will work towards making the reports available online for the employers. Additionally, RSD payroll has restructured its metric evaluation to focus on memberships and not errors so that members’ records are corrected first due to the adverse impact membership records can have on the system. &lt;br&gt;<strong>Performance Measures and Milestones</strong> &lt;br&gt;• Higher percentage of payrolls received and processed in “good order”</td>
</tr>
<tr>
<td><strong>Complete</strong></td>
<td><strong>INITIATIVE: SERVICE AUDITS OF MEMBER DATA</strong> &lt;br&gt;Continue working with IT to cleanse the Fire/Rescue data so we will have accurate data to upload into the new ORBIT module once developed. The data cleanse work will continue daily until we are confident that the data in our system is correct. This will rebuild our integrity within the Firefighter and Rescue Squad Workers’ community (Member Satisfaction) &lt;br&gt;<strong>Performance Measures and Milestones</strong> &lt;br&gt;• Online employer self-service capabilities for Fire &amp; Rescue volunteer data submission</td>
</tr>
</tbody>
</table>

Financial Operations Division

**Objective:** Enhance constituent relationships – including members, customers, department, government, and citizens

Develop a process for external agencies to conform with legislation, policy, and rules applicable to Statewide Banking operations

Per N.C.G.S. 147-77, all State funds must be deposited in a bank designated by the State Treasurer, in an account in the name of the State Treasurer. Due to its role as the owner of all the State’s commercial bank accounts, the Department of State Treasurer is often the authorized signer for commercial bank agreements for services to be used by another State entity. This presents a level of risk as the Department cannot verify that State policies and contractual provisions are being followed. This strategic initiative will implement a Requisition to Contract document, like the one used internally at the Department, for use with other State entities. This initiative will involve the Department’s Legal, Information Technology, and Procurement teams.
Goal 2: Enhance Accountability of Department Services

Performance Measures and Milestones

- Requisition to Contract for agencies is created and being utilized in a timely manner

Updates on Past Initiatives

<table>
<thead>
<tr>
<th>Complete</th>
<th>INITIATIVE: TRAINING AND DEVELOPMENT OF PERSONNEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Operations will develop and document cross-training and backup plans to ensure that operations continue to run smoothly in the event of staff absence or turnover.</td>
<td></td>
</tr>
</tbody>
</table>

Performance Measures and Milestones

- Maintain a stable work force to meet compliance requirements and mitigate risk
Goal 3: Innovate and Modernize Operations

Office of State Treasurer

Objective: Modernize Operations to Increase Efficiency Throughout the Department

Strengthen and Enhance Electronic Discovery and Record Keeping

The Department’s Legal team is continuing the implementation process of its electronic discovery software. The Legal team plans to continue training and improving its search and record-keeping processes.

Performance Measures and Milestones
- Train staff and improve the processes for effective use of the Legal team’s electronic discovery tool(s)
- Develop and apply useful schematics for digital record retention for each division
- Organize all electronic and physical legal files for more efficient and sustainable operations

Digitization and Standardization of Human Resources Processes

The Human Resources team has many processes that are still not fully documented. One major reason for this is because many processes are still driven by paper forms. The Human Resources group plans to make all its forms fully digital over the next two years. The group will also use this opportunity to fully document each process.

Performance Measures and Milestones
- Full digitization of all internal Human Resources forms over the next two years
- Ongoing creation of Standard Operating Procedures for all Human Resources processes

Implement a Consistent Organizational Chart Format Across Divisions

The NC Department of State Treasurer is a complex organization with many different divisions and personnel classifications. The Human Resources section collects updated organizational charts from each division at least once per year. Human Resources plans to improve this process by crafting a consistent, Department-wide format.

Successful Implementation of Planned BEACON Replacement

BEACON is the Integrated HRIS/Payroll system that is run by the Office of State Controller. It is a major component of the State’s Human Resources infrastructure. If this system is replaced, the Department’s Human Resources team plans to fully integrate the new system into our Human Resources processes.

Performance Measures and Milestones
- Full implementation of new HRIS/payroll system based on the Office of State Controller’s timeline

Updates on Past Initiatives

<table>
<thead>
<tr>
<th>INITIATIVE: PROCUREMENT AND IMPLEMENTATION OF AN HRIS MANAGEMENT SYSTEM</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Office of State Treasurer will work with other NC DST Divisions, state agencies, and the NC General Assembly to procure a Contract Management System.</td>
<td></td>
</tr>
<tr>
<td>Performance Measures and Milestones</td>
<td></td>
</tr>
<tr>
<td>- Implement a Contract Management System across the Department</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INITIATIVE: USE ELECTRONIC SIGNATURE TO STREAMLINE PAPER PROCESSES</th>
<th>Ongoing</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Office of State Treasurer will work to facilitate the procurement and implementation of electronic signature tools to streamline these processes across the Department. Electronic signatures will increase accountability, transparency, and efficiency for Department staff.</td>
<td></td>
</tr>
<tr>
<td>Performance Measures and Milestones</td>
<td></td>
</tr>
<tr>
<td>- Identify internal processes that could benefit from the use of electronic signatures</td>
<td></td>
</tr>
<tr>
<td>- Implement a system using electronic signature software across the Department</td>
<td></td>
</tr>
</tbody>
</table>
Goal 3: Innovate and Modernize Operations

State & Local Government Finance Division

**Objective:** Update and automate (as appropriate) SLGFD processes to optimize operations and unit and staff experience

Optimize customer experience and value of our Division’s website

Work with NC DST’s Information Technology and Communications staff to continue to optimize the user experience and to add high-demand and other relevant content to the SLGFD website.

**Performance Measures and Milestones**

- Support of DST IT in launching new website

Automate business processes

Identify and analyze all SLGFD internal and external processes. Automate selected processes to streamline units’ fulfillment of fiscal reporting and debt application requirements under NC GS 159, and to alleviate administrative burden on SLGFD staff.

**Performance Measures and Milestones**

- Implementation of automated systems

Updates on Past Initiatives

**INITIATIVE: MIGRATE SLGFD WEBSITE TO DIT DIGITAL COMMONS PLATFORM**

Work with DST IT and Communications staff to migrate SLGFD website to DIT Digital Commons platform and restructure site contents to make the site a valuable and easy-to-use resource for our customers.

**Performance Measures and Milestones**

- Launching the new website

**INITIATIVE: AUTOMATE SLGFD PROCESSES**

Identify and analyze all SLGFD internal and external processes. Automate selected processes to streamline units’ fulfillment of fiscal reporting and debt application requirements under NC GS 159, and to alleviate administrative burden on SLGFD staff. Capture and consolidate data to provide a holistic view of units’ fiscal health, debt status, and statutory compliance.

**Performance Measures and Milestones**

- Implementation of automated systems

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Investment Management Division

**Objective:** Strategically implement technology-based applications

Continue to improve the operational infrastructure that supports the investment management process

To make timely informed investment decisions and then implement those decision via investment transactions, a continuously evolving operational infrastructure (people, process, technology) is needed to ensure all important data is captured and utilized within the investment decision making process.

**Performance Measures and Milestones**

- Evaluate internal and external solutions for various investment management processes
- Evaluate options to further automate internal trading without sacrificing risk controls
Goal 3: Innovate and Modernize Operations

Updates on Past Initiatives

<table>
<thead>
<tr>
<th>Complete</th>
<th>INITIATIVE: INCREASE BACKSTOP USAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Continue to increase usage of Backstop for improved document retention, portfolio management oversight, and improved workflow.</td>
</tr>
<tr>
<td></td>
<td>Performance Measures and Milestones</td>
</tr>
<tr>
<td></td>
<td>• Additional processes and data integration rolled out with compliance monitored</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ongoing</th>
<th>INITIATIVE: EXPLORE THE ABILITY TO AUTOMATE TRADING WORKFLOW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Performance Measures and Milestones</td>
</tr>
<tr>
<td></td>
<td>• Analysis of options to automate trading and cost/benefit analysis of implementation</td>
</tr>
</tbody>
</table>

State Health Plan

Objective: Improve Accountability of Health Plan Services

Continue to build data analytics capabilities to support goal-oriented decision-making

The State Health Plan is one of the largest purchasers of health care in the nation. The Plan will continue to leverage our data resources to create value for Plan members.

Performance Measures and Milestones

- Continue to build the Plan’s internal data warehouse to provide the Plan with a repository of historical data that can be analyzed as a single source of truth for decision making
- Continue to use Plan metrics to drive informed decision-making
- Research and implement a new platform for case management to improve internal efficiencies regarding inquiries, and to track enrollment exceptions and appeals Plan benefits

Issue and monitor Requests for Proposals (RFPs) and contracts to enhance Plan operations and reduce risk

The State Health Plan utilizes several vendor partners to administer benefits and other operations for members. The Plan has several RFPs coming up that will impact major elements of the Plan.

Performance Measures and Milestones

- Award a contract for a Pharmacy Benefit Manager. This contract will be for one year with two optional renewal years, beginning January 1, 2022
- Extend our current contract with Caremark PCS Health, LLC until December 31, 2022. There are no additional renewal options
- Award a contract for printing and mailing services. This contract will be for one year with two optional renewal years. It will begin on January 1, 2022
Goal 3: Innovate and Modernize Operations

Continue to enhance recovery mechanisms to return funds to the Plan

Better recovery mechanisms are required to sustain quality benefits for members.

Performance Measures and Milestones

- Support and execute legislation to collect overpayments from former state employees using private sector wage garnishment
- Reduce costs by identifying in-house opportunities for pharmacy retroactive termination recovery
- Leverage the Plan's data warehouse to identify and pursue new recovery opportunities

Updates on Past Initiatives

<table>
<thead>
<tr>
<th>INITIATIVE: ENHANCE DATA ANALYTICS CAPABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build the Plan's internal data warehouse and data team to provide a repository of historical data that can be analyzed as a single source for decision-making. Reporting on key metrics will enable Plan leadership to make better informed decisions.</td>
</tr>
</tbody>
</table>

Performance Measures and Milestones

- Define key Plan metrics
- On-demand decision support information through self-service end-user reports and analyses
- Improve quality of vendor data monitoring driving improved vendor transaction processing
- Financial, pharmaceutical and medical analysis across vendors for 5 years' worth of data
- Measured savings generated from data analysis (enhanced recoveries, payment prevention, TPA accountability, etc.)
- Partnership with NC State University on the development of a benefits calculator

Unclaimed Property Division

Objective: Strategically implement technology-based applications

Expand use of data matching technology for claims processing

UPD will expand the use of data matching technology to increase the efficiency of claims processing and payment.

Performance Measures and Milestones

- Increase the number of claims paid annually by 20%

Objective: Continuously improve core functions and programs

Conduct Targeted Outreach Program for Securities & Tangible Property

UPD will develop and launch a targeted outreach program to locate and reunite owners with their Securities and Tangible Property.

Performance Measures and Milestones

- Implement data matching processes to increase efficiency of owner location efforts
- Increase by 20% the amount of unclaimed Securities and Tangible Property returned to owners within one year of receipt

Increase efficiency and effectiveness in sales of tangible property

UPD will increase the effectiveness of processes related to sale of tangible property to maximize proceeds received on behalf of unclaimed property owners.

Performance Measures and Milestones

- Secure vendor(s) through the Best Bid process to conduct sale of tangible property through auction services
- Increase number of tangible property lots sold for minimum bid through auction by 20%
Goal 3: Innovate and Modernize Operations

Improve monitoring of property finders’ compliance with unclaimed property statutes

UPD will seek legislation and operational changes to improve monitoring and regulation of unclaimed property finders.

Performance Measures and Milestones

- Support legislation to strengthen regulation and enforcement authority related to the property finder business
- Implement policies and procedures to better monitor finders’ compliance with statutes

Updates on Past Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
</table>
| Initiative: Implement New Unclaimed Property Management System | Complete | UPD will implement a new, more advanced and automated Unclaimed Property Management System.

**Performance Measures and Milestones**

- UPD will launch the new UPMS by 8/1/19
- Risk of report processing errors will improve due to increased automation
- Holder report processing speed will increase, reducing the delay in getting property available for claim
- Increase in communications with claimants, along with reduction in the need for staff involvement due to automated processes

| Initiative: Update Unclaimed Property Administrative Code | Re-prioritized | UPD will complete the modernization of the Unclaimed Property Administrative Code.

**Performance Measures and Milestones**

- The modernized Administrative Code will more accurately reflect and codify critical UPD business processes

| Initiative: Increase Efficiency and Effectiveness in Sales of Tangible Property | Ongoing | UPD will increase the effectiveness of processes related to the appraisal and sale of tangible property to maximize proceeds.

**Performance Measures and Milestones**

- UPD will secure vendor(s) through the IFB process to conduct comprehensive appraisal services for tangible property
- UPD will increase efficiency in establishing value and increase property presented for sale.
- UPD will execute revised MOA with State Surplus that will improve process for sale of tangible property

| Initiative: Conduct Targeted Outreach Program for Securities & Tangible Property | Ongoing | UPD will develop and launch a targeted outreach program to locate and reconnect owners with securities and tangible property.

**Performance Measures and Milestones**

- UPD will implement batch validation processes to increase efficiency of owner location efforts
- Increase amount of unclaimed securities and tangible property
Goal 3: Innovate and Modernize Operations

Retirement Systems Division

Objective: Reduce Complexity to Create Operational and Service Efficiencies

Utilize Technology to Create Operational Efficiencies

The Retirement System plans to implement tools that provide a better experience for members while saving staff time and resources.

Performance Measures and Milestones
- Implement more user-friendly, secure methods of identity authentication
- Provide a system authentication tool that efficiently connects members to Retirement Counselors
- Provide call center tools that provide updated service options for callers
- Enhance methods for scheduling counseling sessions for members
- Create a better process for members to re-establish their ORBIT self-service accounts after inactivity

Reduce Complexity in Communications Assets, Including Retirement Forms

Seek opportunities to reduce complexity in communication assets (web, print, digital, social, internal, external, retirement forms) to make it easier for members and employers to understand retirement benefits, services and expectations, as well as foster trust and confidence in the Retirement Systems Division.

Performance Measures and Milestones
- Increase member utilization of self-service tools and resources
- Reduction in number of “not in good order” forms; quicker turnaround for forms maintenance
- Review existing language in forms and letters and make updates to improve user friendliness
- Simplify language and organization of marketing materials, including the website
- Improve consistency across all communications on specific topics and in member/employer specific communication

Enhance Digital Communications to Engage, Educate, and Empower Members

We will seek opportunities to enhance digital tools and resources to engage members and employers, provide education around retirement news, services, benefits, requirements, and operations administered by the Retirement Systems Division, and empower members to act.

Performance Measures and Milestones
- Propose innovative, efficient, and cost-effective ways of improving communication to members
- Increase usage, actions, and participation by members
- Continue to facilitate, develop, and build on digital foundation by using recommended programs and assets

Delivery of Member Annual Retirement Statement (MARS) to Members

Seek opportunities to enhance Member Annual Retirement Statement (MARS) and shorten delivery time to members while also increasing communications and marketing outreach around this important tool.

Performance Measures and Milestones
- Member Annual Retirement Statement delivered on time and increased in usage

Updates on Past Initiatives

<table>
<thead>
<tr>
<th>INITIATIVE: RETIREMENT READINESS</th>
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<tbody>
<tr>
<td>Support retirement readiness with ongoing NC Total Retirement Plans communications efforts. Leverage data analytics to provide targeted marketing to members at the point of decision-making.</td>
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<table>
<thead>
<tr>
<th>Ongoing</th>
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<tbody>
<tr>
<td>Increase participation, contribution amounts and use of asset allocation services in the NC Supplemental Retirement Plans</td>
</tr>
</tbody>
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### Goal 3: Innovate and Modernize Operations

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Status</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INITIATIVE: DATA ANALYTICS FOR RETIREMENT SYSTEMS COMPLIANCE</strong></td>
<td>Complete</td>
<td>Enhance RSD’s compliance capabilities by using data analytics to automate and to easily define the scope of compliance issues. Performance Measures and Milestones: • Processes established to use database analysis (apart from IT tickets) as a regular tool in compliance reviews and audits</td>
</tr>
<tr>
<td><strong>INITIATIVE: FIRE &amp; RESCUE SELF-SERVICE</strong></td>
<td>Ongoing</td>
<td>Develop/implement Self-Service Pension Fund module for Fire &amp; Rescue departments/squads and their members. The first strategy to be implemented in self-service is the ability for departments to enter members’ annual contributions online and pay electronically. Performance Measures and Milestones: • Module built and operational</td>
</tr>
<tr>
<td><strong>INITIATIVE: STATE HEALTH PLAN ELIGIBILITY AND BILLING</strong></td>
<td>Complete</td>
<td>Execute system enhancement with Benefit Focus for health billing. The goal of this initiative is to get Benefit Focus, Iedium and the Retirement Systems Division aligned from a software perspective to improve the accuracy of premium deductions for health insurance. Performance Measures and Milestones: • Billing and deductions aligned</td>
</tr>
<tr>
<td><strong>INITIATIVE: APPLYING FOR OTHER BENEFITS ONLINE</strong></td>
<td>Ongoing</td>
<td>The Applying for Other Benefits Online project expands on the Applying for Retirement Online project through the addition of several new modules to accommodate additional online transactions through the ORBIT self-service portal. Proposed modules include electronic applications for refunds of contributions, declaring and updating retirees’ beneficiaries and contact information online, and electronic submission of annual statement of income forms to ensure compliance with disability statutes and prevent overpayments more efficiently. Performance Measures and Milestones: • Other applications can be completed online through ORBIT</td>
</tr>
<tr>
<td><strong>INITIATIVE: FORMS &amp; LETTERS INITIATIVE</strong></td>
<td>Complete</td>
<td>Migrate paper forms to web-based forms. Performance Measures and Milestones: • All forms identified by the initiative team are migrated to an online experience • Reduction in “not in good order” forms; quicker turnaround for forms maintenance • Review existing language in forms and letters and update, as necessary, to increase member understanding</td>
</tr>
<tr>
<td><strong>INITIATIVE: CONTINUOUS IMPROVEMENT AND CHANGE MANAGEMENT</strong></td>
<td>Re-prioritized</td>
<td>Create continuous improvement and change management program within Operations Section to proactively streamline processes and identify opportunities for process improvement while decreasing the risk of fraud. The program will explore ways to use technology more effectively, evaluate existing policies and procedures carried out by various teams, and manage changes to those policies and procedures. Performance Measures and Milestones: • Department establishes program, with additional staff as necessary</td>
</tr>
</tbody>
</table>
Goal 3: Innovate and Modernize Operations

Financial Operations Division

Objective: Continuously improve core functions and programs

Focus on Success of Core Operational Functions

All NC Department of State Treasurer Divisions rely on the Financial Operations Division. The Division must perform its operational responsibilities accurately and consistently.

Performance Measures and Milestones
- Successful implementation of division projects and processes with Financial Operations assistance

Updates on Past Initiatives

<table>
<thead>
<tr>
<th>Ongoing</th>
<th>INITIATIVE: FIRE &amp; RESCUE ORBIT ENHANCEMENTS</th>
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<tbody>
<tr>
<td></td>
<td>The project was initiated due to new legislation. RSD took this opportunity to enhance ORBIT to be more customer friendly for members and agencies by improving information available through self-service, providing an online solution to processing contributions with real time data, adding EFT ability and helping to ensure roster compliance.</td>
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<table>
<thead>
<tr>
<th>Performance Measures and Milestones</th>
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<tbody>
<tr>
<td>• Better service to Fire &amp; Rescue workers &amp; retirees through ORBIT</td>
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<table>
<thead>
<tr>
<th>Ongoing</th>
<th>INITIATIVE: MAINTAIN FOCUS ON CORE OPERATIONAL FUNCTIONS</th>
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<tbody>
<tr>
<td></td>
<td>All areas of FOD are relied upon by other divisions/agencies to perform its operational responsibilities accurately and consistently.</td>
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<table>
<thead>
<tr>
<th>Performance Measures and Milestones</th>
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<tbody>
<tr>
<td>• Successful implementation of divisions’ projects and processes with FOD assistance</td>
</tr>
</tbody>
</table>
Goal 4: Maximize Our Talent

Office of State Treasurer

Objective: Ensure Resources Are Available to Meet Business Needs

Strengthen the Department’s Legal Team
The Department’s Legal team has recently experienced turnover in several key positions. NC DST attorneys are professionals with advanced, subject-specific expertise. The Department plans to fill all vacant legal positions.

Performance Measures and Milestones
- Hire, train, and retain qualified staff

Increase Staff in The Internal Audit Division to Provide Adequate Coverage of Risk Areas
Work with management to develop a staffing plan as noted in the Quality Assurance Review completed by the Office of Internal Audit.

Performance Measures and Milestones
- Increase number of Internal Audit staff by the end of FY2022

Updates on Past Initiatives

INITIATIVE: CREATE EFFICIENCIES IN THE ONBOARDING AND OFFBOARDING PROCESS
The Human Resources team will streamline onboarding and offboarding to ensure that employees are fully prepared for work starting on their first day.

Performance Measures and Milestones
- Minimize the average number of days that it takes for new employees to be set up with a badge, telephone, computer, and other essentials
- Create and implement a plan to educate new employees about the overall Department, its mission, and values

State & Local Government Finance Division

Objective: Reclassify and request positions as needed to ensure the appropriate positions are available to support the mission and work of the division

Reclassify and Add New Positions
Work with NC DST’s Human Resources and the North Carolina General Assembly to ensure the appropriate and needed positions are available to the SLGFD to support the over 1,300 units of local government subject to its oversight. Secure additional positions to supplement the work of the COACH team and provide more coverage around the State, working with the information we glean from the predictive model to support more units at risk.

Performance Measures and Milestones
- Reclassify existing positions as needed to appropriately reflect duties and responsibilities performed
- Request four additional staff to provide support to struggling units of local government
Goal 4: Maximize Our Talent

Updates on Past Initiatives

<table>
<thead>
<tr>
<th>Complete</th>
<th>INITIATIVE: INCREASE IN SLGFD SALARIES TO COMPETITIVE LEVELS</th>
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<tbody>
<tr>
<td></td>
<td>SLGFD needs to have a competitive compensation package to recruit and retain the finance and accounting professionals needed to support its complex and sophisticated operations.</td>
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<td></td>
<td>Performance Measures and Milestones</td>
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<tr>
<td></td>
<td>• Increase exempt salaries to authorized personnel</td>
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<td>• Pursue current review by OSHR</td>
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Investment Management Division

Objective: Enrich our workforce through the effective use of strategic talent acquisition and retention

Review long term target staffing and compensation model

To effectively manage an investment portfolio, the investment decision making process requires a strong operation infrastructure. A key component to this structure is people. The investment management space is extremely competitive and requires a strong base set of skills and knowledge.

Performance Measures and Milestones

• Review current levels of staff retention and compensation relative to the long-term target levels
• Identify gaps and develop a glide path to close those gaps

Updates on Past Initiatives

<table>
<thead>
<tr>
<th>Ongoing</th>
<th>INITIATIVE: DETERMINE LONG TERM STAFFING AND COMPENSATION MODEL</th>
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<tr>
<td></td>
<td>Performance Measures and Milestones</td>
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<tr>
<td></td>
<td>• Improve staff retention</td>
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Goal 4: Maximize Our Talent

State Health Plan

**Updates on Past Initiatives**

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Performance Measures and Milestones</th>
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</table>
| Ongoing INITIATIVE: DEVELOP PLAN TO BRING SUBROGATION EFFORTS WITH TPA AND SUBCONTRACTOR, WITH OTHER THIRD PARTY OR IN-HOUSE | There may be an opportunity to improve upon the subrogation efforts that are currently being managed by HMS. The results could be improved by using the TPA and its subcontractor. **Performance Measures and Milestones** The Plan will model the current process to include recovery improvement and cost along with the cost of bringing the effort in house to perform the following:  
  - Technology  
  - Investigations  
  - Recoveries |

**Retirement Systems Division**

**Objective: Enhance Our Workforce with Quality Training**

**Expand RSD’s Learning and Development Team**

The Retirement System plans to add positions to its Learning and Development team to standardize training and support for quality coaching needs. This team will help all RSD sections to support outside stakeholders including employers and members.

**Performance Measures and Milestones**

- Positions added to the Learning and Development team to support training and quality coaching
- Quality Control plan to evaluate QCs’ work documented and implemented, increasing accuracy rates within the division
- All external training work moved to the Learning and Development team

**Updates on Past Initiatives**

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Performance Measures and Milestones</th>
</tr>
</thead>
</table>
| Ongoing INITIATIVE: REDUCE PERSONNEL TURNOVER | Advocate for Retirement Systems Division staff to be compensated at rates like their peers in other systems. **Performance Measures and Milestones**  
  - Department regularly reviews and proposes market salary adjustments |
| Ongoing INITIATIVE: INCREASE NUMBER OF CALL CENTER STAFF | Implement long-term staffing model aligned with growth in forecasted volume of retirees  
  **Performance Measures and Milestones**  
  - Implement staffing model |
| Ongoing INITIATIVE: IMPROVE EMPLOYEE ENGAGEMENT | Establish ongoing collaborative team activities to improve employee morale and engagement.  
  **Performance Measures and Milestones**  
  - Drive initiatives and activities to make the NC Retirement Systems Division a great place to work |
Goal 4: Maximize Our Talent

Financial
Operations Division

Objective: Effectively manage risk, resources, and compliance

Hire Two Full Time Employees in the Accounting section of the Financial Operations Division

The Financial Operations Division submitted a budget change request to the Office of State Budget Management as the second priority item for the Department to hire two additional accountants. FOD's Deputy Director who oversees all the Department's accounting and financial reporting has an average of 20% overtime due to the need for positions, and due to high turnover rates. There is also turnover in other members of the accounting team. As of December 2020, 14 of the 20 accounting staff have been in their positions for less than one year. There is a gap between the few top management roles and the professional staff. Staff at the requested level can provide extensive technical expertise but also critical systems analysis that will lead to improved operational procedures and movement opportunity for professional staff.

Performance Measures and Milestones

- Reduced turnover and overtime rates
- Maintain compliance with statutory and other requirements for accounting and financial reporting

Increase Statewide Banking Salaries to Match Market Rates

The Financial Operations Division submitted a budget change request to the Office of State Budget and Management to increase Banking personnel salaries. Banking positions are unique to the Department of State Treasurer. The Department learned that Banking staff were not being compensated at competitive rates during an outside review of our class and compensation practices in 2016. Our Banking section struggles to retain qualified staff. We estimate that Banking salaries in FOD pay 25% less than regular market rates. Almost 30% of Banking positions are vacant or staffed by an employee with less than one year of service.

Performance Measures and Milestones

- Increase salaries to authorized personnel
- Pursue review with OSHR on job classifications
Trophy Case: Highlights in Transparency, Sustainability, And Fiscal Leadership

Treasurer Folwell and Retirement Boards Lower Assumed Rate of Return to 6.5%

Feb 2, 2021

(Raleigh, N.C.) – North Carolina State Treasurer Dale R. Folwell, CPA, and the Retirement Systems Division announced today that the investment return assumption or rate of return (RoR) for the principal North Carolina Retirement Systems (Fund) will be lowered 50 basis points from 7.0% to 6.5% per year. The change will be recognized immediately for financial reporting and calculating the funded percentage level, but for the purpose of determining employer contribution rates, the effect will be phased in over a period of five years.

The rate changes were unanimously approved by the Teachers’ and State Employees’ Retirement System and Local Government Employees’ Retirement System Boards of Trustees (Boards) at their meeting on Jan. 28. The rate has been lowered twice previously in the past four years. In 2017, it was lowered from 7.25% to 7.20% and in 2018 the rate was lowered further to 7.0%. The changes during the Folwell Administration were only the second lowering of the rates in almost 60 years even though both plans have failed to achieve their assumed rates of return, on average, for the last 20 years.

The move was made as part of a number of recommendations made by the Fund’s actuarial consultants Cavanaugh Macdonald Consulting, LLC (CMC). At least once every five years the Fund conducts an actuarial experience study that reviews the differences between a plan’s assumed and actual experience over multiple years with the goal of examining the trends related to actual experience and recommending any needed changes to assumptions.

CMC recommended reducing the RoR to 6.5% based primarily on the fact that they believed the previous assumption for inflation underlying the investment returns (3.0% per year) should be reduced by at least 50 basis points. CMC recommended that the total investment return assumption be set at 2.5% (inflation) plus 4.0% (investment returns exceeding inflation), or 6.5% per year.

“The North Carolina pension fund is one of the best funded in the country,” said Treasurer Folwell. “However, we need to make realistic assumptions regarding our ability to achieve expected returns in the future. We owe it to the General Assembly, taxpayers, public employees and future generations to be transparent and realistic about the true valuation of the pension plans. Lowering this assumption will provide the best opportunity to meet the state’s long-term obligations as well as maintain its AAA bond rating. I want to thank the Boards for making this decision.”

The stability of the Fund relies on maintaining both adequate employer and employee contributions and achieving long-term investment goals. However, on average the Fund has not earned its RoR for the past 20 years. In fact, the estimated 20-year return on the Fund is 6.28% driven by the market declines after 9/11 and the great financial crisis. The new assumption of 6.5% per year represents the Boards’ best estimate assumption of long-term future returns.

The Boards’ action comes as many states are lowering their expected assumed rate of return to better reflect realistic future investment gains. However, many states remain underfunded despite the change. For example, in 2016, the California Public Employees Retirement System (CalPERS)—the nation’s largest public pension plan—announced it would decrease its assumed rate of return incrementally from 7.5 percent in 2017 to 7 percent by 2021 yet is only 69% funded with a funding gap of $184 billion.

North Carolina’s reduction to 6.5% will occur immediately with respect to the actuarial valuations as of Dec. 31, 2020, which determines contribution rates effective July 1, 2022. However, the impact of the change on actuarially recommended employer contribution rates will be recognized gradually over time.

Contributions to pension plans have three sources of funds: contributions made by
employees (6%), contributions made by employers (state agencies, school systems and local governments) and investment gains. When a retirement system lowers its expected investment gains, additional funding for the pension system must come from other sources like the General Assembly and local governments in the form of employer contributions.

North Carolina’s conservative pension funding policy has allowed government employers to move beyond the funding requirements that resulted from the 2008-2009 recession, so that those historical requirements do not compound the adjustment to the new actuarial assumptions. The actuarially required contributions to fund currently promised benefits are expected to remain consistent with current levels in the coming years, as a percentage of employee pay, if the new assumed return of 6.5% per year is achieved.

Contribution rates are set by annual actuarial valuations in combination with the Boards of Trustees’ funding policies. These funding policies may call for additional contributions beyond actuarially required amounts in order to ensure long-term budgeting stability for the state and local governments.

Folwell praised the North Carolina League of Municipalities, North Carolina Association of County Commissioners, the Governor and the General Assembly for their support. “We look forward to working with the league and commissioners and others to preserve and protect the pension plans,” said Treasurer Folwell said. “They have been great partners in the past. Together we can make sure the pension plans remain solvent for current and future public service workers.”

The North Carolina Retirement Systems, the formal name for the pension fund, is the 9th largest public pension fund in the country and is currently valued at almost $116 billion. It provides retirement benefits and savings for more than 950,000 North Carolinians, including teachers, state employees, local governments, firefighters, police officers and other public workers.

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**State Pension Plan Hits Record $114.9 Billion Despite Pandemic’s Market Disruption**

*Jan 13, 2021*

(Raleigh, N.C.) – Despite economic upheaval, massive job losses, business shutdowns and uncertainty in the investment market throughout 2020 due to the COVID-19 pandemic, the state pension plan achieved a record $114.9 billion valuation entering 2021.

The $114.9 billion estimated market value on Dec. 31 – even after paying out more than $6.5 billion in gross benefits -- showed a $9.3 billion gain over the Dec. 31, 2019, value of $105.6 billion. The earnings were $20.7 billion above the 2018 year-end figure of $94.2 billion. The 2020 figures could change slightly, depending on official results from the monthly auditing process that should be concluded by the end of this month.

For the 2020 calendar year the estimated return on investment was 11%, exceeding the 7% actuarial rate of return target. The pension plan, formally known as the North Carolina Retirement Systems, has now exceeded the actuarial rate of return three of the past four years while maintaining a conservative risk profile. Return numbers were 13.53% in 2017, and 14.88% in 2019. Returns showed a –1.47% return in 2018 due to major stock market indexes posting their worst annual performances in a decade.

For the first six months of the fiscal year that started July 1, 2020, the pension plan earned an estimated 11.6% rate of return.

By exceeding the investment return goal in 2020 an additional $3 billion is available to help offset $11.5 billion in unfunded liabilities in the Teachers’ and State Employees’ Retirement System. It will add about $1 billion above expectations to help offset $3.3 billion of unfunded liabilities in the Local Governmental Employees’ Retirement System. Those higher
Trophy Case: Highlights in Transparency, Sustainability, And Fiscal Leadership

earnings are critical as the interest on the unfunded debt continues to accumulate.

Although the state pension plan is among a handful of the best funded in the nation, the most recent data available shows the Teachers' and State Employees’ Retirement System has an $11.5 billion unfunded liability, and the Local Governmental Employees’ Retirement System is underfunded by $3.3 billion.

“The largeness and strength of the state pension plan and staying the course on a decades-long conservative management strategy instead of panicking and chasing risky get-rich-quick investment schemes led to a phenomenal year for the state employees, retirees and taxpayers who are stakeholders in the pension plan,” said state Treasurer Dale R. Folwell, CPA.

The plan’s performance is all the more remarkable when considering its value dropped to an estimated $93.6 billion on March 23, 2020, at the height of the pandemic scare, but rebounded by nearly 23% to record-setting numbers just nine months later, Treasurer Folwell said.

“The credit for that turnaround goes to Christopher Morris and Jeff Smith, the co-CIOs of our Investment Management Division, and their oversight of one of the most seasoned teams in the nation,” Treasurer Folwell said. “Our ability to grow an already secure pension plan that is the 26th largest pool of public money in the world not only puts current and future retirees at ease but ensures that North Carolina’s coveted Triple-A bond rating is not jeopardized.”

Treasurer Folwell added that bond rating from all three national rating agencies enables the state and local governments to obtain low interest rates when taking on debt to fund capital projects, thus saving taxpayers’ money.

“We are in the check delivery business, sending out more than $551 million every month to more than 336,000 retirees who can count on us to keep the money coming,” Treasurer Folwell said.

Treasurer Folwell Applauds U.S. Court Decision on Health-Cost Transparency

Jan 4, 2021

(Raleigh, N.C.) – State Treasurer Dale R. Folwell, CPA, today applauded a court ruling upholding the Trump administration’s executive order improving price and quality transparency in America’s health care. The order requires hospitals that take Medicare patients to disclose the secret rates for medical services that they negotiate with insurance companies. The purpose of the policy is to bring transparency to health care costs in order to increase competition and lower costs.

“This court decision gives us a real path forward to getting rid of secret contracts and pushing the power down to the consumer to make informed decisions when purchasing health care,” said Treasurer Folwell. “Health care is the only thing in your life that you purchase that you really don’t know its cost or value. Having clear pricing will go a long way toward decreasing the cost of medical services in this country.”

The administration’s policy was announced in June of 2019. It was immediately challenged by the American Hospital Association, which argued that the rule violated the First Amendment and went beyond the statutory provisions of the Affordable Care Act.

However, in June the trade association lost its case before a federal judge in the District of Columbia and, last week, it also lost before the U.S. Court of Appeals in the District of Columbia. The new rules went into effect Jan. 1.

Treasurer Folwell and the State Health Plan (SHP) have similarly sought to bring transparency to medical pricing through the Clear Pricing Project (CPP). Announced in 2018, the initiative will move away from a commercial-based payment model to a reference-based, transparent pricing model tied to Medicare rates. The new network, known as the North Carolina
Trophy Case: Highlights in Transparency, Sustainability, And Fiscal Leadership

State Health Plan Network (Network), currently consists of more than 26,000 health care professionals who want to change the secretive nature of medical pricing.

SHP members are being encouraged to use CPP providers. The SHP Board of Trustees approved 2021 SHP-design changes that highlight CPP providers as those who support transparency and affordable health care. Members will reap the benefits of these changes as they will be able to visit a CPP Primary Care Provider for a $0 copay, compared to the current copay of up to $45, and a CPP Specialist for as little as $40, compared to the current copay of $80 to $94.

“We want to encourage our members to use CPP providers. People need to know what they’re actually paying for health care,” said Treasurer Folwell. “We cannot continue to spend trillions of dollars on something that we have no idea what it costs. The state and the country can’t afford it. Those that oppose medical price transparency will be on the wrong side of history.”

Treasurer Folwell cited UNC Healthcare’s new online feature that gives patients a real-time estimate on a number of different procedures and office visits as a “step in the right direction” to increasing transparency in medical pricing. He added that he looks forward to seeing how the tool works and to collaborating with those that want real change in how medical services are provided and paid for.

The SHP, a division of the N.C. Department of State Treasurer, provides health care coverage to nearly 750,000 teachers, current and former lawmakers, state university and community college personnel, active and retired state employees, and their dependents. For more information, visit the SHP website.

Treasurer Folwell Announces Retirement Systems Have Lowest Investment Fees Compared to Peer States

Oct 28, 2020

(Raleigh, N.C.) – State Treasurer Dale R. Folwell, CPA, and the Investment Management Division (IMD) announced today the findings of a CEM Benchmarking (CEM) report of an investment cost analysis of the North Carolina Retirement Systems (NCRS). Investment costs are broadly defined as the costs associated with making investments, including management fees and oversight costs of running the investment program. CEM has been used for benchmarking services by previous treasurers.

The report analyzes pension investment costs, excluding transaction costs and private asset performance fees, from 2015-2019. It compares the NCRS with 48 U.S. pension plans and 14 peer states of similar-sized investment portfolios. The median value of the NCRS during that time period was $100.9 billion while the peer group was $91.5 billion.

CEM reports that North Carolina’s investment cost was the lowest of any peer state compared. The state’s total investment cost of $323.9 million (0.32% of value) was 0.20% below the peer median of 0.52%, which equates to a savings of approximately $198 million per year.

In addition, in 2016 North Carolina’s total investment cost was approximate with peers and the U.S. public plans’ average. However, over the next three years North Carolina’s costs dropped 36%, while the national and peers’ average remained steady.

The report cites North Carolina’s implementation style and asset mix as two factors contributing to the reduction in costs. North Carolina does not have comparable holdings in highest-cost asset classes (real estate, infrastructure, hedge funds...
and private equity) and more than half of North Carolina's holdings are managed internally.

In 2017, Treasurer Folwell and the public equity team announced the first-ever Department of State Treasurer internally managed passive index fund. At the end of the second quarter, the Internal Passive Equity Fund's assets under management was $12.1 billion. Together with the fixed income team that manages just over $43 billion, 53% of the pension's assets are managed in-house.

“We don't operate the pension funds for the benefit of Wall Street,” said Treasurer Folwell. “Our fiduciary duty is to those who teach, protect and otherwise serve the people of this state and taxpayers like them. The staff of the Investment Management Division has done a fantastic job of managing investments in-house and still meeting all performance benchmarks.”

During the most recent Investment Advisory Committee meeting, it was reported that since January 2017 the team in the Investment Management Division projected a realized savings of more than $350 million through the end of 2020. This far exceeds the team's original goal of $100 million in incremental cost efficiencies.

“We’ve achieved so much in the last four years but have so much left to do,” said Treasurer Folwell. “I've always said that I'm standing on the shoulders of others to achieve such success. And that is certainly the case here. These savings are directly due to the investment division's [IMD] loyalty to the taxpayer.”

The North Carolina Retirement Systems is widely regarded as one of the best funded in the nation. In fact, Moody's Investors Service recently reported that North Carolina's Retirement Systems, which includes state and local employees, is the best funded in the nation when looking at its Adjusted Net Pension Liability.

Additionally, a recent "stress test" by The Pew Charitable Trusts concluded that North Carolina's state pension fund is well-positioned to maintain solvency during tough economic times.

The North Carolina Retirement Systems is the ninth-largest public pension fund in the country and is currently valued at more than $108 billion. It provides retirement benefits and savings for more than 950,000 North Carolinians, including teachers, state employees, local governments, firefighters, police officers and other public workers.

Treasurer Folwell Announces “AAA” Bond Ratings for NC

Sep 28, 2020

(Raleigh, N.C.) – State Treasurer Dale R. Folwell, CPA announced today that all three major national bond rating agencies have reaffirmed the State's “AAA” bond rating, noting the state's strong economic growth and diversification, conservative fiscal management, rainy day fund and other reserves, and low liabilities. North Carolina is one of only 13 states that have an "AAA" rating with all major rating agencies.

The ratings were assigned, in part, in preparation for the fourth issuance of $2 billion worth of voter-approved General Obligation Public Improvement (Connect NC) Bonds for capital and infrastructure improvement projects across 17 University of North Carolina campuses and for other state projects. The prior three issuances from 2016, 2018 and 2019 totaled $1.2 billion. This fourth issuance will be for $400 million and is expected to be offered on Oct. 8, 2020.

“Having the rating agencies affirm our ‘AAA’ bond ratings during these volatile economic times is a credit to the taxpayers of North Carolina and the North Carolina General Assembly for their strong fiscal management,” said Treasurer Folwell. “Maintaining our ‘AAA’ rating will help us finance debt at the lowest possible rates, making more money available for public education, public roads and the other core functions of government.”
Other highlights include:

S&P Global Ratings noted North Carolina’s 2019-2020 budgetary environment is better than anticipated because of stronger-than-forecast economic activity compared to the state’s conservative forecasting.

Moody’s Investors Service noted the state’s diverse economy, a history of strong conservative fiscal practices, healthy reserves and low debt and pension burdens.

Fitch Ratings referenced that North Carolina is well positioned to address economic downturns with an exceptionally strong ability to close budget gaps.

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The N.C. Department of State Treasurer’s State and Local Government Finance Division manages the sale and delivery of all state and local debt and monitors the repayment of state and local government debt. More information can be found at http://www.nctreasurer.com/slg.

Treasurer Folwell Announces N.C. State Health Plan Network Reopens for New Providers to Join

Aug 18, 2020

(Raleigh, N.C.) – State Treasurer Dale R. Folwell, CPA, and the State Health Plan (Plan) announced today that the Plan will reopen the N.C. State Health Plan Network for new medical providers to join. Medical providers will have from Sept. 15 to Oct. 15, 2020, to sign up. Providers who join will be included in the network effective Jan. 1, 2021.

The N.C. State Health Plan Network (Network), which went live Jan. 1, 2020, currently consists of more than 25,000 providers who signed on to the new network last year as part of the Plan’s Clear Pricing Project (CPP). Under the CPP, the Plan moved away from a commercial-based payment model to a reference-based, transparent pricing model tied to Medicare rates. Providers in the Network will be reimbursed for their services at Medicare rates plus an average of 60 percent.

The Plan’s Board of Trustees approved 2021 plan-design changes that highlight CPP providers as those who support transparency and affordable health care. Members will reap the benefits of these changes as they will be able to visit a CPP Primary Care Provider for a $0 copay, compared to the current copay of up to $45, and a CPP Specialist for as little as $40, compared to the current copay of between $80 and $94.

“We’re excited to offer these Clear Pricing Project cost savings to our hardworking Plan members and their families,” said Treasurer Folwell. “This is a perfect opportunity for new providers to join the N.C. State Health Plan Network as we lower health care costs and encourage members to use these providers. As Warren Buffett said, ‘medical costs are the tapeworm of American competitiveness.’ Ultimately, getting rid of secret pricing and contracts will be the only medicine to reduce those costs.”

In June 2019, Community Care Physicians Network (CCPN) joined the Network. Today, CCPN will join forces with independent practices from across the state to form the Value Alliance. This new alliance will support the Clear Pricing Project and work with the Plan and the Plan’s vendor partner, Public Consulting Group, to develop alternative payment model strategies.

“We are pleased to announce the development of Value Alliance, a coalition of Community Care Physicians Network and other independent provider networks from across the state that will deliver a high-quality and value-based model of care to state employees across North Carolina. We look forward to caring for state employees in North Carolina communities and will seek to be consistent and innovative in our care delivery, with the goal of achieving better health.
Trophy Case: Highlights in Transparency, Sustainability, And Fiscal Leadership

outcomes for State Health Plan members while strengthening independent primary care in North Carolina,” said Conrad L. Flick, M.D., and Dale Owen, M.D.

Providers interested in joining the Plan network can find additional information on the Plan’s website at https://www.shpnc.org/ncshpprovidernetwork.

The network will continue to be administered by Blue Cross NC, the Plan’s third-party administrator. The Clear Pricing Project does not impact retirees on the State Health Plan’s Medicare Advantage Plans.

The State Health Plan, a division of the N.C. Department of State Treasurer, provides health care coverage to more than 727,000 teachers, current and former lawmakers, state university and community college personnel, active and retired state employees, and their dependents.

State Health Plan to Waive Costs Associated with Treatment of COVID-19

Apr 2, 2020

(Raleigh, N.C.) – State Treasurer Dale R. Folwell, CPA, and the State Health Plan (Plan) today announced that the Plan is waiving the cost of treatment for members diagnosed with COVID-19, including associated deductibles, copayments, and coinsurance. The Plan previously announced that it was also covering the cost associated with the testing of COVID-19.

The member cost-share waiver for COVID-19 related treatments is effective immediately through June 1, 2020, at which time the Plan will continue to re-evaluate this and other measures. The Plan is taking this action to help ensure that members receive the COVID-19 testing and treatment they need when they need it.

This coverage is in addition to the following changes to medical and pharmacy benefits for Plan members in the 80/20 Plan, 70/30 Plan and High Deductible Health Plan:

- Expanded virtual access to providers. Visits to providers who previously required a face-to-face encounter can now be performed virtually so long as they are a medical necessity and meet criteria. This will further encourage the use of virtual visits and allow doctors to monitor members at home, minimizing the spread of infection and easing the burden on emergency rooms.

- Waived prior authorizations for covered services related to COVID-19 that are ordered by a physician, medically necessary, and consistent with Centers for Disease Control and Prevention guidance related to COVID-19.

- Increased access to maintenance medications by waiving the early medication refill limits on 30-day prescription maintenance medications. Member cost-sharing will apply as normal.

For the Plan’s UnitedHealthcare (UHC) Medicare Advantage members, the following changes to medical benefits, pharmacy benefits and program offerings have been made:

- There will be no cost for the COVID-19 test. Copays and coinsurance are also waived for visits associated with the COVID-19 testing, regardless if the test takes place in a physician’s office, urgent care or ER.

- Members can request an early prescription refill for any medication.

- There is a $0 copayment for each Medicare covered Virtual Doctor visit and a $20 copayment for each Virtual Behavioral Visit. Members may use Virtual Visit through a computer or a mobile device like a tablet or a smart phone. To find a list of participating Virtual Visit providers or Virtual Behavioral Visit providers, members should visit www.UHCRetiree.com/ncshp.

- UHC is also offering free emotional support for those who feel extra stress or fear due to COVID-19. Members can call the Emotional-
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Support Help Line offered by Optum at 866-342-6892, TTY 711, 24 hours a day, seven days a week.

The UHC HouseCalls program was suspended for the health and safety of members and clinicians. However, to ensure that members continue to receive their HouseCalls visits even during the COVID-19 national health emergency, UHC has introduced HouseCalls Virtual Visit. Members will need to have an email and proper webcam capability to be offered a virtual visit.

Treasurer Dale Folwell Issues Statement on Stock Market Downturn and State Pension Plans

Mar 9, 2020

(Raleigh, N.C.) – State Treasurer Dale R. Folwell, CPA, issued the following statement:

We want to assure the nearly 950,000 members who are paying into or receiving pension payments from the North Carolina Retirement Systems that the stock market’s recent downturn will have no impact on their pension payments. As of today, the state pension plans are down less than 1%. This is because the plans have been conservatively managed under the Folwell administration and other administrations for the past 50 years.

In fact, Moody’s Investors Service recently reported that North Carolina’s Retirement Systems is the best funded in the nation when looking at its Adjusted Net Pension Liability. Additionally, a recent “stress test” by The Pew Charitable Trusts concluded that North Carolina’s state pension fund is well-positioned to maintain solvency during tough economic times.

We are in the check delivery business. We pay out over $6.5 billion a year in pension payments to those that teach, protect and serve the people of North Carolina.

The North Carolina Retirement Systems is the ninth-largest public pension fund in the country and is currently valued at more than $105 billion. It provides retirement benefits and savings for more than 950,000 North Carolinians, including teachers, state employees, local governments, firefighters, police officers and other public workers.

2020 "Fee Holiday" Extension Saves Members More Than $2 Million

Dec 12, 2019

State Treasurer Dale R. Folwell, CPA, announced today the extension of a fee holiday that increases two-year savings to more than $4 million for members of North Carolina Supplemental Retirement Plans.

Treasurer Folwell and the North Carolina Supplemental Retirement Plans Board of Trustees unanimously approved the extension of the 2019 Administrative Fee Holiday through 2020 at their board meeting today. This fee holiday amounts to a total savings of more than $2 million for participants in the NC 401(k) and NC 457 Plans. That follows a $2 million fee reduction in 2019.

"Everything we do in this department is for the customer — those that teach, protect and serve," Treasurer Folwell said. "We are committed to driving down costs, reducing complexity and increasing the value of these plans for our hard-working teachers, troopers and other public employees."

The fee holiday will eliminate NC 401(k) and NC 457 participants’ annual administrative fees charged by the department and the board. Each participant is charged 25 cents for each $1,000 held in an account. Other fees, including the fee charged by Prudential, will continue to apply.

Those fees will be covered by rising reserve funds that accumulated under the strong oversight and efficient practices by the board and Department of State Treasurer staff, including strong portfolio oversight and
successful fee negotiations with partners and vendors.

“We have a loyalty and duty of care to protect and preserve the state retirement plans for our members and make sure we have opportunities available for additional retirement savings to support the retirement lifestyle they desire,” Treasurer Folwell said. “I am proud of our staff for understanding the importance of managing these plans efficiently, to the benefit of our members, and appreciate the dedication of the Board in finding opportunities to enhance value and our members’ savings.”

North Carolina’s supplemental retirement plans are among the largest and lowest-cost public plans in the country. The plans are administered by the N.C. Department of State Treasurer and the Supplemental Retirement Board of Trustees, offered by more than 1,000 public employers, including state agencies, local governments, school districts and community colleges. For more information click here.

The Pew Charitable Trusts “Stress Test” Finds NC Pension Well-Positioned to Weather Economic Uncertainty

Nov 21, 2019

State Treasurer Dale R. Folwell, CPA, and the North Carolina Retirement Systems Division today announced the results of a “stress test” that gave high marks to the state pension plans. The test was conducted by The Pew Charitable Trusts (Pew) and presented to the Teachers’ and State Employees’ Retirement System (TSERS) and Local Governmental Employees’ Retirement System (LGERS) Boards of Trustees during a recent meeting.

Pew said that compared to other states they tested, North Carolina’s state pension fund is well-positioned to maintain solvency during tough economic times.

Pew is an independent, nonprofit and nonpartisan research and policy organization that seeks to improve public policy, inform the public, and invigorate public life. Their well-respected research spans many aspects of public policy and is often noted for insightful research of public sector retirement systems.

Stress testing is a simulation technique that forecasts the potential impact of investment risk and contribution risk on pension balances and government budgets. It analyzes the need for higher state pension appropriations to offset lower investment returns during an economic downturn, and how that might impact funding for core government services such as schools, public safety, and infrastructure.

Pew found that, even in downside scenarios (e.g. recession), the North Carolina pension system’s current funding policy positions it well to withstand economic headwinds. These policies include the North Carolina General Assembly’s full funding of the Actuarially Determined Employer Contribution (ADEC) and providing millions more in additional funds through the Employer Contribution Rate Stabilization Policy (ECRSP) adopted by the Board of Trustees. However, the Pew researchers found that in a severe recession scenario, the state would need to commit a larger share of its revenue to pension contributions. Otherwise, pension funding levels would decline.

“I want to thank Pew for their insightful analysis of North Carolina’s pension system,” said Treasurer Folwell. “It showed that at the end of the day, we’re one of the best funded pensions in the country. However, we have to continue to save and make money as well as have a realistic expectation that future challenges remain. This includes enforcing laws that prevent money from leaving the system and supporting additional legislation that reduces complexity and preserves the benefit for present and future public sector employees.”

Treasurer Folwell noted that the pension system has not made its assumed rate of return on average in the last 20 years and will have less than a 50% chance of achieving it for the next
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20 years. To have a more realistic expectation of returns, the Boards of Trustees lowered the interest rate assumption from 7.25% to 7.20% in 2017, and then to 7.00% in 2018. The ADEC or “employer contribution” for TSERS was recently set at 12.97% of payroll and is expected to exceed 16.0% of payroll by July 2021.

“Pew's stress test analysis of the North Carolina Teacher and State Employee Retirement System found that the system's strong funding policy, if followed, would ensure funding levels continue to improve and help insulate against sudden spikes in employer contribution rates, even if returns end up lower than expected,” said David Draine, senior officer, The Pew Charitable Trusts.

“We're obviously pleased,” added Treasurer Folwell. “But as you look at the combination of historically low interest rates, unrealistic investment returns and increased longevity, there are some very real challenges going forward. Every dollar that has to go to servicing the pension systems cannot be used for education, public safety and the other core functions of government. Despite this good news, we need to work with policy makers and stakeholders to make real changes to the system that will preserve and sustain it for the future.”

The North Carolina Retirement Systems, the formal name for the Fund, is the ninth largest public pension fund in the country and is currently valued at more than $100 billion. It provides retirement benefits and savings for more than 950,000 North Carolinians, including teachers, state employees, local governments, firefighters, police officers and other public workers.

Treasurer Folwell Announces $600 Million Bond Sale "AAA" Bond Rating Saves Taxpayers Millions

Sep 9, 2019

(Raleigh, N.C.) – State Treasurer Dale R. Folwell, CPA, through the State and Local Government Finance Division, announced today the issuance of $600 million of voter-approved General Obligation Public Improvement (Connect NC) Bonds. The sale is the third of $2 billion approved in 2016 for universities, community colleges, local parks, infrastructure improvement and other projects. The total amount of interest to be paid over the life of the Bonds is approximately $212 million. The prior issuances of $200 million and $400 million occurred in 2016 & 2018 respectively.

The bonds were purchased by Bank of America Merrill Lynch at a true interest cost of 1.9885 percent. This was the lowest rate of the 5 bids that were received.

Recently, all three major national bond rating agencies re-affirmed the state’s "AAA" bond rating, noting the state’s strong economy, growing reserves and conservative fiscal management. North Carolina is one of only 13 states that have an "AAA" rating from all major rating agencies.

"Continuing to have all three agencies affirm our 'AAA' rating is essential," said Treasurer Folwell. "This allows us to get very favorable rates saving taxpayers millions of dollars. The credit goes to taxpayers who pay for these bonds, and the General Assembly for their conservative fiscal management of the state's finances. I'd also like to thank the staff at the State and Local Government Finance Division for their hard work on the sale."

Folwell added that by minimizing debt service costs, the state will have more funds available for teachers, law enforcement, roads and other core functions of state government.

S&P Global Ratings noted the state’s history of prudent fiscal management, low-to-moderate debt burden and progress in addressing other postemployment benefit (OPEB) liabilities while Moody's Investors Service commented on the state’s strong, conservative fiscal management. Fitch Ratings noted North Carolina’s exceptionally strong ability to close budget gaps during economic downturns.
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The N.C. Department of State Treasurer's State and Local Government Finance Division handles the sale and delivery of all state and local debt and monitors the repayment of state and local government debt. More information can be found at http://www.nctreasurer.com/slg.

Treasurer Folwell Announces Awarding of $600 Million in GARVEE Bonds

May 30, 2019

(Raleigh, N.C.) - State Treasurer Dale R. Folwell, CPA, announced today the awarding of $600 million in Grant Anticipation Revenue Vehicle Bonds (GARVEE bonds). GARVEE bonds are revenue bonds that allow the state to pledge future federal highway funds to pay debt service. The funds will be used to accelerate construction on a variety N.C. Department of Transportation projects.

The issuance is the seventh in a series of GARVEE bond sales over the last 12 years. The GARVEE program is intended to be "evergreen," meaning additional projects will be added to the program and additional bonds issued over time.

"We're very pleased to be able to help in providing funding for much-needed transportation projects across the state," said Treasurer Folwell. "I'm appreciative of the department's staff with the State and Local Government Finance Division and the Local Government Commission Board for their hard work on this issuance."

The bonds were awarded to an underwriting syndicate led by BofA Merrill Lynch. Barclays, Citigroup, J.P. Morgan, Loop Capital Markets and Wells Fargo Securities are also members of the syndicate. The overall yield on the bonds was 2.39 percent. The bonds have a 15-year maturity, and the program is structured to achieve approximately level debt service. Including the 2019 bonds, the total amount of GARVEE Bonds outstanding is approximately $1 billion.

The GARVEE bond issue was approved by the Local Government Commission and the Council of State on April 2, 2019. North Carolina's GARVEE program is rated A+ by Fitch, A2 by Moody's and AA by S&P.

The Department of State Treasurer's State and Local Government Finance Division handles the sale and delivery of all state and local debt and monitors the repayment of state and local government debt. More information can be found at http://www.nctreasurer.com/slg.

Treasurer Folwell Calls for US Department of Justice to Recover Hundreds of Millions Potentially owed to NC Taxpayers from Hospitals' Anti-Competitive Activities and to Enforce Transparency in Pricing

November 26, 2018

(Raleigh, N.C.) – State Treasurer Dale R. Folwell, CPA, today called for the United States Department of Justice to take action and for all North Carolina hospitals to be transparent in their pricing. The announcement was made in light of the recent settlement of a lawsuit filed by the United States Department of Justice and the North Carolina Department of Justice against Atrium Health, formerly known as Carolinas Healthcare System.

The civil antitrust lawsuit challenged provisions in Atrium's contracts with major health insurers including Blue Cross and Blue Shield of North Carolina (Blue Cross NC) that prohibited what otherwise would have been used to direct consumers towards high quality, cost-effective health care providers.

"For decades, the largest public hospital system in North Carolina has been engaging in this and other anti-competitive activities," said Treasurer Folwell. "In the spirit of this settlement, I'm calling on all North Carolina hospitals to be transparent and to publish their pricing so consumers can make informed decisions.
regarding health care. I'm also calling for the United States Department of Justice and the North Carolina Department of Justice, on behalf of the State Health Plan, to recover the potentially hundreds of millions overcharged to consumers by hospital management from this illegal activity."

Earlier this year, the State Health Plan (Plan) submitted a public records request to UNC Health Care for a copy of its contract and fee schedule with Blue Cross NC. Blue Cross NC is the third party administrator for the Plan and negotiates pricing for the Plan's 727,000 members.

In response, UNC Health Care provided more than 100 pages of redacted information with no visible prices. The state-owned hospital said that pricing information between Blue Cross NC and itself is confidential. Treasurer Folwell responded with a press release highlighting its absurdity.

“The taxpayers need to understand that the state treasurer cannot find out from the state hospital what the State Health Plan is paying for medical services for state workers,” said Folwell. “It's beyond belief.”

In order to begin reducing medical costs and to provide price transparency for its members, the Plan announced a new medical provider reimbursement strategy using referenced-based pricing based on a percentage over published government rates plus, on average, a 77 percent profit. The hospital association has vehemently opposed transparency in pricing and is intending to go to the North Carolina General Assembly to immediately stop the Plan's initiative to bring transparency and reduce costs. This opposition comes despite the state auditor's finding of seven years ago that the state is at risk for potentially overpaying medical claims.

If the hospital association is successful in stopping the Plan, then premiums, copays, and deductibles for the nearly 727,000 teachers, public safety workers, and other state and local employees are likely to increase. In addition, the projected $300 million in savings to taxpayers and $65 million in savings to members will never be realized. This could have a devastating effect on the long-term viability of the Plan.

“In North Carolina, we already spend $3.4 billion a year in taxpayers' money for state employees and retiree health care. Additionally, we owe $30 billion for long-term health care costs and we don't even know what we’re supposed to pay for medical services,” said Folwell. “If something isn't done now, then other core functions of government like education, public safety, and roads will be financially impacted.”

Folwell also said that after his legal team reviews the settlement, he will be submitting comments on the proposed settlement to the United States Department of Justice.

“We're doing what's necessary at this point in our state's history because others didn't,” said Folwell. “As chaotic as health care is, we have not lost our commitment on focusing all of our attention on the member and taxpayers like them. It’s not enough to just point out problems, ultimately they have to be fixed.”

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Treasurer Folwell Presents $16,000 Check to Pamlico County Habitat for Humanity

October 26, 2018

(Raleigh, N.C.) – At the North Carolina State Fair today, State Treasurer Dale R. Folwell, CPA presented Habitat for Humanity of North Carolina with a check totaling $16,444.71 from the state's unclaimed property fund. The money was owed to Habitat for Humanity's Pamlico County affiliate, which is recovering from a fire at the same time it is helping victims of Hurricane Florence.

“We are pleased to connect Habitat for Humanity of Pamlico County with this significant amount of unclaimed property at a time when they need it most. While they help hurricane victims recover, they are also rebuilding their local Habitat ReStore that was destroyed by fire,” said State Treasurer Folwell. “As North Carolinians visit the State Fair from all corners of
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our state, I encourage them to stop by our unclaimed property booth to see if they have money waiting to be claimed free of charge.”

“We are grateful to receive these funds for our Pamlico County Habitat affiliate,” said Greg Kirkpatrick, President and Executive Director of Habitat for Humanity of North Carolina. “This unclaimed property money comes at a crucial time as Habitat helps North Carolinians rebuild and recover from Hurricanes Florence and Michael and will go a long way in promoting Habitat’s vision of building homes, communities and hope.”

The N.C. Department of State Treasurer is staffing a booth for the duration of the State Fair where North Carolinians can go to search the unclaimed property database to see if they have money owed to them. North Carolinians can also visit NCCash.com at any time to search the online database of unclaimed property. In 2017, over 10,000 North Carolinians visited the booth at the State Fair, generating 985 claims totaling $271,154.29.

State Health Plan and UnitedHealthcare Successfully Renegotiate Lower Medicare Advantage Rates for 2019, Covering Nearly 150,000 Retirees

May 24, 2018

(Raleigh, N.C.) – State Treasurer Dale R. Folwell, CPA and the State Health Plan announced today that they have completed negotiations with UnitedHealthcare for 2019 rates to provide Medicare-eligible retirees with Group Medicare Advantage Plans.

Savings for the Plan, its members, and taxpayers will be approximately $55 million. Treasurer Folwell plans to use part of the savings to freeze and possibly lower family health care premiums for teachers, state employees and other public workers.

“I sincerely appreciate our partnership with UnitedHealthcare that helped achieve this fantastic result,” said Folwell. “Executive Director Dee Jones and the State Health Plan team were tenacious negotiators on behalf of retirees and the taxpayers of North Carolina. With these savings, we can possibly lower family premiums for those who teach our children, protect us from crime and pave our roads.”

Part of the reason that such favorable rates were negotiated was a reinstatement for 2019 of a moratorium on the health insurance tax that was part of the 2010 Affordable Care Act (ACA). The ACA imposed a fee on each covered entity engaged in the business of providing health insurance in the United States. The Plan’s Medicare Advantage Plans are subject to the tax. Congress passed a moratorium on the tax for 2017 but reinstated it for 2018. However, as part of a short-term spending bill signed by President Donald J. Trump in January 2018, the tax was once again suspended for 2019.

Folwell added that the tax needs to be permanently suspended. “I’ve reached out to the North Carolina congressional delegation as well as the White House,” said Folwell. “This ‘on again off again’ approach is frustrating and time consuming. Congress and the President need to permanently get rid of this burdensome tax that cost the North Carolina State Health Plan over $40 million this year.”

The State Health Plan, a division of the N.C. Department of State Treasurer, provides health care coverage to more than 720,000 teachers, state employees, current and former lawmakers, state university and community college personnel and their dependents, including non-Medicare and Medicare retirees.

Special Unclaimed Property Update

In 2019, the UPD began implementation of a new unclaimed property management system – the first upgrade of its magnitude in more than 20 years. This new system created a more efficient way for the public to submit their claims
and dramatically reduced the amount of time it takes to process and pay a claim. Additionally, it established a more efficient, paperless way for businesses to file their unclaimed property reports.

With the new system, businesses reporting unclaimed property are able to submit their reports by uploading them to the Unclaimed Property Management System (UPMS) instead of mailing hundreds to thousands of pieces of paper, or sending electronic files to the UPD that then require manual review and transfer into the UPMS. Additionally, businesses with small numbers of properties can enter their data directly into a template which is fed into the UPMS. This eliminates the need for small businesses to purchase or develop their own reporting systems – saving them time and money.

Businesses can also remit payment online through a secure payment portal instead of mailing in paper checks. Prior to implementing this new system, the UPD had to hire between 5-7 temporary employees every year to help process reports. With the new system, no temporary staff members were needed and the UPD reconciled 121% more reports by December 31 than in previous years. With automated processes, claimants can locate and claim newly reported property in a matter of days rather than months.

With the new system, claimants may upload images of claim forms and supporting evidence through an online portal instead of mailing or faxing documents. Documents uploaded through the portal are generally viewable within a few hours. This reduces the amount of paper that staff must receive and process and speeds up the claims review process. In addition to initiating a claim online, all claimants can now check the status of their claim online 24 hours a day, 7 days a week.

To return abandoned funds more quickly and hopefully put a little more money in pockets of families facing financial struggles during the COVID-19 crisis, the UPD received permission from the General Assembly to amend its statutes. The changes allowed UPD to take advantage of innovative techniques to locate owners, verify identity and validate claims without requiring any paperwork or effort on the part of the claimant. Through data matching, which launched in September 2020, we have already returned more than $1.6 million to nearly 25,000 individuals.

In the last fiscal year prior to beginning implementation of the new system, the UPD had paid 58,914 claims and returned $43,767,030 between July 1 and March 31. As a result of the new system and implementation of numerous operational improvements, the UPD has paid a record number of claims in the current fiscal year. As of March 31, 2021, we have paid 92,064 claims and returned $51,599,462 to the rightful owners. With 3 months left in the fiscal year, this number has already exceeded the UPD’s highest number of claims paid for any full fiscal year in its history.