



Serving those who serve South Carolina

South Carolina Public Employee Benefit Authority

May 16, 2017

SC Association of Governmental
Purchasing Officials



Navigating Your Benefits

- Multimedia campaign that provides common-language explanations of insurance and retirement benefits
 - Flyers
 - Videos
- www.peba.sc.gov/nyb.html





State Health Plan



State Health Plan

PEBA manages the State Health Plan

- Self-funded insurance plan
- Members' and employers' premiums are held in a trust fund and these funds are used to pay claims
- BlueCross BlueShield of South Carolina processes claims

State Health Plan enrollment as of January 2017



Subscribers		
Subscribers		273,731
Actives	188,089	
Retirees	82,287	
Others	3,355	
Spouses		79,977
Children		128,839
Total covered lives		482,547

Active subscribers	
State agencies	35,432
Higher education	25,649
School districts	86,141
Local subdivisions	32,580
Other	8,287
Total employees	188,089

Retirees	
Medicare	62,212
Non-Medicare	20,075
Total retirees	82,287

Total employer groups: 680

2016 average monthly total premiums



Totals include employee and employer contributions

	Single	Family
State Health Plan	\$458	\$1,200
Lg. public & private sector employers ¹	\$572	\$1,607
Public & private sector employers in south ²	\$540	\$1,474
Public employers	\$606	\$1,497
Private – manufacturing	\$578	\$1,676
Private – financial services	\$583	\$1,654

¹Lg. public and private sector employers: ≥ 200 employees in public and private sectors

²Public & private sector employers in south: Includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

2016 average annual deductible



	Amount
State Health Plan	\$445
Lg. public & private sector employers ¹	\$814
Public & private sector employers in south ²	\$1,024

¹Lg. public and private sector employers: ≥ 200 employees in public and private sectors

²Public & private sector employers in south: Includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

2017 composite monthly premiums¹



Compared to other state employee health plans

	Employer	Employee	Total
State Health Plan	\$516.12	\$159.88	\$676.00
South ²	\$704.17	\$182.55	\$886.72
United States	\$867.33	\$184.55	\$1,051.84

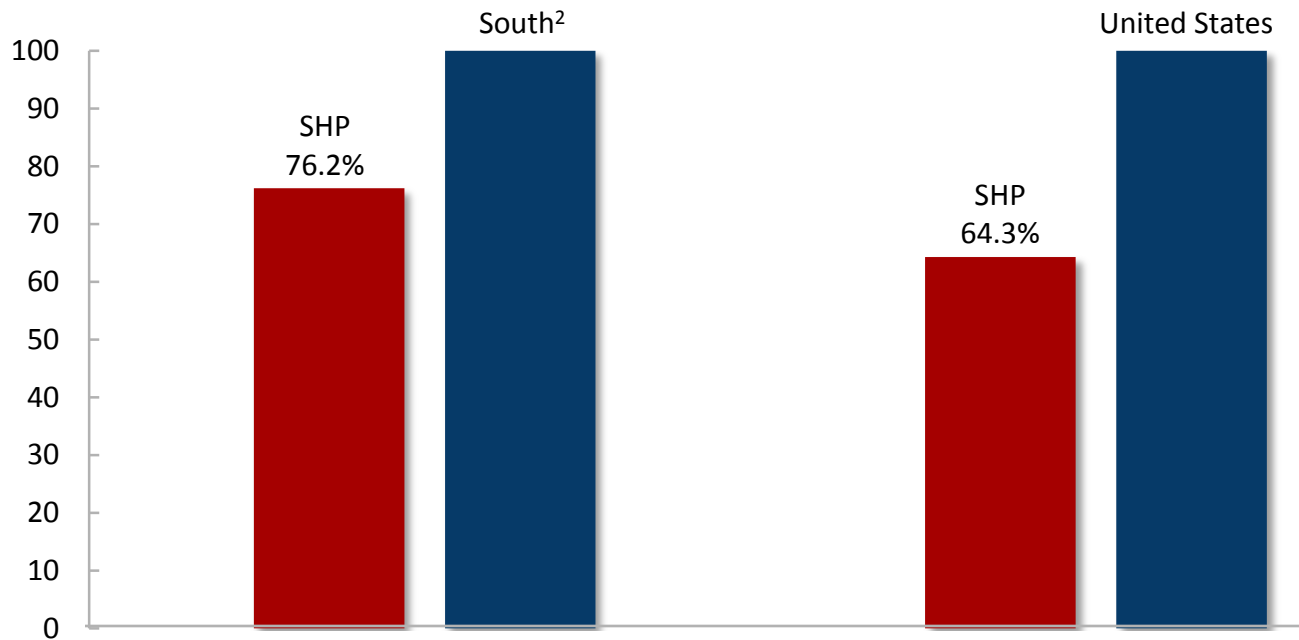
¹**Composite monthly premiums:** Weighted average of all PEBA health subscribers enrolled in each coverage level

²**South:** Includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

2016 SHP composite monthly premiums¹ as a percentage of regional and national averages



Compared to other state employee health plans



¹**Composite monthly premiums:** Weighted average of all PEBA health subscribers enrolled in each coverage level

²**South:** Includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia



Health management

- Health management is key to maintaining a low cost for the plan and premiums
 - Promotion of benefits to employees
 - Members being engaged in their health
- PEBA is actively working with employers to promote health management
 - Worksite screenings
 - PEBA Perks workshops
 - Turnkey toolkits on PEBA Health Hub

Having healthy employees benefits the employer



- 22 percent of employers' payroll is associated with direct and indirect costs of employee absence¹
- \$69 billion per year lost to reduced productivity due to time off for medical care, early disability and early death²
- 29 percent, on average, is the amount of lost productivity each day resulting from a co-worker covering for an absent colleague¹

¹The Standard Life Insurance Company of New York

²<http://www.forbes.com/sites/carolynmclanahan/2014/10/11/managing-the-cost-of-your-diabetes/#73a32e533247>

Having healthy employees benefits the State Health Plan and insurance costs



- State Health Plan spends over \$2 billion per year
 - Cost is borne completely by employers and employees through premiums
 - Employers pay 76 percent of the cost through employer premiums
- Our efforts to date have resulted in a State Health Plan expenditure growth per member of 2.9 percentage points below the five year average national benchmark (i.e., 4.1 percent versus 7 percent)



Diabetes

- Currently, one in 10 members in the State Health Plan have diabetes
 - Cost the plan \$404.67 million in 2015 (\$12,754 per member)³
 - 38 percent of State Health Plan pharmacy cost is for antidiabetics
 - Diabetes is the third most prevalent chronic condition in the State Health Plan population
- One in three people in the U.S. expected to have type 2 diabetes by 2050⁴
 - Estimated cost impact is \$1.2 billion annually

³Includes medical and pharmacy costs; medical costs only includes State Health Plan primary members (no retirees); pharmacy costs include retirees under the age of 65

⁴<http://www.cdc.gov/media/pressrel/2010/r101022.html>



Obesity in South Carolina

- South Carolina now has the 10th highest adult obesity rate in the nation⁵
- Obesity associated diseases, such as diabetes and heart disease cost an estimated \$8.5 billion per year in 2014⁵
- A recent study suggests that excess weight has a greater impact on diabetes than heart disease⁶
- Two out of three South Carolina adults and one out of three children are overweight or obese⁵
- If current trends continue, this generation of South Carolina children will have a shorter life expectancy than their parents⁷

⁵<http://stateofobesity.org/states/sc/>

⁶http://well.blogs.nytimes.com/2016/08/04/weight-has-greater-impact-on-diabetes-than-heart-disease/?_r=0

⁷<http://scaledown.org/>



PEBA Perks

- These benefits are available at no cost to State Health Plan primary members (Standard and Savings Plans) at network providers and pharmacies:
 - Colorectal cancer screenings
 - Flu vaccine
 - Coming Attractions: maternity management
 - Tobacco cessation
 - Stress management program
 - Weight management program
- www.PEBAPerks.com



Value-based benefits

- Other value-based benefits available at no cost to SHP primary members include:
 - Adult checkup for Savings Plan participants
 - Adult vaccinations
 - Mammography
 - No-Pay Copay
 - Pap test benefits
 - Preventive screening
 - Well child care benefits
- www.peba.sc.gov/valuebasedbenefits.html



Blue CareOnDemand

- 24/7/365 face-to-face video urgent care
- State Health Plan primary members age 18 and older
- Dependent children younger than 18 can be seen with an adult subscriber
- Maximum cost of \$59 for a video visit
 - Actual cost subject to normal plan provisions including annual deductible and coinsurance
- Provides an alternative to, but is not a replacement for, a member's primary care physician
- www.peba.sc.gov/bluecareondemand.html



- Digital health platform that offers State Health Plan primary members age 16 and older a personalized experience
 - Members who become Medicare primary while using Rally will be placed into a “generic” Rally environment that doesn’t include any benefit-specific information
- Link certain wearable devices to Rally
 - Track your movement, check progress, share information and compete with others in challenges
- Log in to your [My Health Toolkit](#) account
 - Select Wellness, then Rally



Member messaging

- Text messages that can help you stay on top of your health
- Receive benefits information, health and wellness reminders and cost-saving tips
- Call 844.284.5417 to sign up



Prescription plan information online



- Register at [Express Scripts](#) or download the Express Scripts mobile app
- Online tools:
 - Check order status
 - Refill and renew prescriptions
 - View medicine cabinet
 - Contact a pharmacist 24/7
 - Find lower-cost options
 - Locate an in-network pharmacy near you





Retirement Systems



Profile of the Systems

- The South Carolina Public Employee Benefit Authority (PEBA) administers five defined benefit pension plans that provide lifetime retirement annuities, disability benefits and death benefits to eligible members and their beneficiaries
- PEBA also provides a defined contribution retirement plan (State Optional Retirement Program) which is an alternative to membership in the traditional defined benefit plan for the South Carolina Retirement System

Summary of retirement plans



- South Carolina Retirement System (SCRS)
 - Teachers and employees of the state and its political subdivisions
- Police Officers Retirement System (PORS)
 - Police officers and firefighters
- General Assembly Retirement System (GARS)
 - Members of the General Assembly
 - Retirement reform legislation closed the plan to individuals first elected to the South Carolina General Assembly at or after the general election in November 2012
- Judges and Solicitors Retirement System (JSRS)
 - State judges, solicitors and circuit public defenders

Summary of retirement plans



- South Carolina National Guard Supplemental Retirement Plan (SCNG)
 - Supplemental retirement benefits to members who served in the South Carolina National Guard
 - The Retirement Systems assumed administrative responsibility for this fund in 2006
- State Optional Retirement Program (State ORP)
 - First established as the Optional Retirement Program for Higher Education in 1987
 - An alternative to the SCRS defined benefit plan and is now available to certain state, public school and higher education employees of the state



SCRS and PORS

- Defined benefit plans
- Plans bear the investment risk
- Provide a monthly service retirement annuity based on a statutory formula
- Class Two and Class Three membership
- Must meet eligibility requirements to receive retirement benefits
- Benefit based on a formula that includes:
 - Your average final compensation (AFC),
 - your service credit, and
 - a benefit multiplier



State ORP

- A 401(a) defined contribution plan
- Employer contributes 5 percent
- Alternative to the defined benefit plan
- Retirement benefit is accumulated account balance
- Any fees, distributions, and investment gains or losses will affect this balance
- Eligible for distribution at termination or age 59 ½
- Employees of local subdivisions of government are not eligible to participate

Class Two and Class Three



- Eligibility requirements differ for each Class
- Class Two members
 - Date of membership prior to July 1, 2012
- Class Three members
 - Date of membership July 1, 2012 and after



Additional benefits

- Disability retirement benefits (SCRS and PORS)
- In-service death benefit
- Active member incidental death benefit
- TERI participants and working retiree incidental death benefit
- Non-working retired members incidental death benefit



Three sources of income

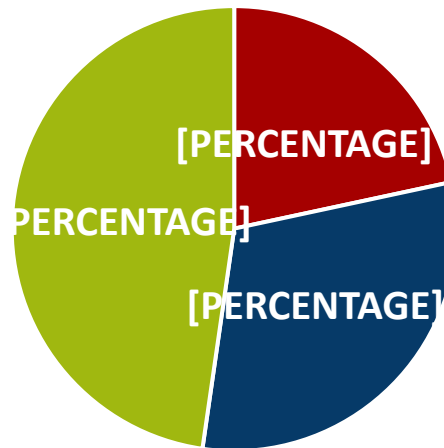
- There are three sources of income for the Retirement Systems trust funds from which benefits are paid: investment income, employee contributions and employer contributions
- If any source of funding is reduced, the other sources must be increased, or benefits reduced, to keep the Systems sound



Three sources of income

Additions to PEBA's Pension Trust Funds 2005-2014

Includes all five defined benefit plans



■ Employee contributions

■ Employer contributions

■ Investment income

Contribution rate increases



- Contribution increases will take place in the future as a result of the experience study and investment performance if returns cannot meet the assumed rate of return in the future
 - The Systems must be funded within the required 30-year amortization period
- Pending and finalized rates will be published and communicated as early as possible



Actuary's responsibilities

- PEBA is required by statute (Sections 9-1-230 and 9-1-240) to hire an actuary; the current actuary is Gabriel Roeder Smith & Company (GRS)
- The actuary's responsibilities include:
 - Conducting annual actuarial valuations (Sections 9-1-260);
 - Completing an experience study every five years (Section 9-1-250); and
 - Developing fiscal impact statements
- PEBA will hire a separate actuary to do an actuarial audit in 2017



Experience study

- Economic assumptions, demographic assumptions and actuarial methods and policies for use in future valuations of the Systems are studied
- Assumptions should occasionally change to reflect new information and changing patterns
- Actuary recommends revised assumptions to the PEBA Board for adoption
- Subject to approval by the State Fiscal Accountability Authority (SFAA)

Joint Committee on Pension Systems Review



- 12-member committee to review pension system
- Created by the Legislature in 2016
- Proposed recommendations for pension plan employee and employer contribution rates

<http://www.scstatehouse.gov/CommitteeInfo/Joint%20Committee%20On%20Pension%20Systems%20Review/JointCommitteeOnPensionSystemsReview.php>



Pending legislation

- Senate version [S.394](#)
- House version [H.3726](#)
- Proposed increases to SCRS, State ORP and PORS employee contribution rates
- Proposed increases to employer contribution rates through FY 2023



Member Access

- Secure, online retirement account access
- Member Access flyer for setting up a new account
 - www.peba.sc.gov/assets/memberaccessflyer.pdf
- Active members
 - Print a member statement
 - Apply for service retirement
- Retired members
 - Print a 1099-R form
 - Manage direct deposit account information



Retirement awareness

- Be aware and prepare educational series
 - Presentations
 - Videos
- Field Services seminars
 - Early- and mid-career
 - Pre-retirement

A sure way to an unsure future is to put off planning for retirement

<https://www.peba.sc.gov/retirementawareness.html>



Be aware and prepare

- Educational series on planning, saving and investing
 - Create a budget
 - Set financial goals
 - Build a financial safety net
 - Consider your savings options
 - Learn more about investing



Field Services seminars

- Early- and mid-career
 - Retirement comes sooner than you think
 - Identify potential sources of retirement income
 - Understand PEBA retirement plan benefits
- Pre-retirement
 - For those within a few years of retirement eligibility

Early- and mid-career seminar



- Start thinking about retirement now
- Ask important questions now
- Identify potential sources of retirement income
- Understand PEBA-administered retirement plan benefits
- Stay connected with PEBA throughout career
 - Member Access
- www.peba.sc.gov/assets/ontheroadtoretirement.pdf



Pre-retirement seminar

- Learn the PEBA-administered retirement plan eligibility rules
- Estimate PEBA benefit
- Understand payment plan options
- Know application requirements
- Understand return-to-work rules for retirees
- Learn about retiree incidental death benefit
- Consider emotional aspects of retirement
- www.peba.sc.gov/assets/getsetforretirement2.pdf



SCRS benefit estimates

- You can get a benefit estimate from your employer or by contacting PEBA by phone or e-mail
- You may also use the benefit calculators on the PEBA website
- Use your benefit estimate to help select your retirement date and decide if you want to provide a survivor benefit to your beneficiary

Ending your TERI participation



- All participation in TERI ends June 30, 2018
- TERI end packet
 - Includes [TERI Payout Election Form](#) (Form 7500)
 - Includes [Withholding Certificate for Monthly Annuity Benefit Payments](#) (Form 7202)
 - Includes [Direct Deposit Authorization](#) (Form 7204)
- Terminate employment
- State law requires you to receive the balance in your TERI account, with or without a direct rollover
 - Single-sum payment;
 - Direct rollover; or
 - Partial rollover

Returning to covered employment after retirement



- A complete, bona fide severance or termination of employment is required
- After thirty days of retirement, you may be hired by a participating employer (TERI exclusion)
- Contribute the same percentage of earnable compensation as active members

Returning to covered employment after retirement



- \$10,000 per year earnings limitation
- Earnings limitation does not apply to:
 - members who retire after age 62 (SCRS);
 - members who retired prior to January 2, 2013;
 - members in elected and certain appointed positions; or
 - participants in the TERI Program during the period they participate in the Program.

Contact information



www.peba.sc.gov

803.737.6800

888.260.9430



Disclaimer

This presentation does not constitute a comprehensive or binding representation regarding the employee benefits offered by the South Carolina Public Employee Benefit Authority (PEBA). The terms and conditions of the retirement and insurance benefit plans offered by PEBA are set out in the applicable statutes and plan documents and are subject to change. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.