

**Committee on Actuarial Valuation of Retired Employees' Health Benefits**  
**June 13, 2017**  
**Meeting Minutes**

Committee members attending: State Budget Director Charlie Perusse (Chair), State Treasurer Dale Folwell, State Health Plan Executive Administrator Dee Jones, and State Controller (absent; Jim Dolan attending in Dr. Combs' place).

Others attending: Elizabeth Colcord, Anne Godwin, and Virginia Sisson (State Controller); Steve Toole (State Treasurer); David Cozart and Mark Collins (State Health Plan); Katina Bell, Amy Senogles, and Vernon Utley (State Auditor); Kristin Walker, Thomas Cheek, and John Sparrow (OSBM); and David Berger and Ken Vieira (Segal Consulting).

The Committee met by conference call and convened at 2:01 p.m. Mr. Perusse welcomed those in attendance and took the roll call.

Mr. Perusse read the Ethics Awareness and Conflict of Interest Reminder statement. No member indicated a conflict. Mr. Perusse asked for a motion to adopt the Committee meeting minutes from May 24, 2017. Treasurer Folwell made the motion; Mr. Dolan seconded. The motion passed with all members voting aye.

Mr. Perusse asked representatives of Segal if they would begin the discussion. Mr. Berger of Segal provided an overview of the OPEB Actuarial Valuation Update Topics document (a 19-page PowerPoint presentation that had been distributed to Committee members). On pages 2 through 6, he noted the timing and differences of new GASB Accounting Standards 74 and 75 and how these changes will affect the valuation process and key valuation calculation components.

On page 7, Mr. Berger asked the Committee for any thoughts regarding the discount rate assumption, which was 4.25% for the 2015 valuation, and the ultimate trend rate assumption, which Segal suggested be 4.50%. After discussion, the Committee reached consensus that Segal would use the 20-year General Obligation Municipal Bond Rate for the discount rate assumption (as produced in the Wall Street Journal on June 30) and an ultimate trend rate of 5.0% for medical coverages. In addition, the Committee reached an understanding that it would discuss and revisit these rate assumptions in 2018.

On page 8, Mr. Berger suggested that the Committee use 2.75% for inflation and payroll growth and indicated that Segal would use the latest demographic assumptions that the State pension plans are using because they are the most recent data available. On page 12, Mr. Berger indicated that since the CDHP plan would no longer be available in 2018, some of the listed rates would change for the valuation. On page 13, Mr. Berger pointed out that the 2015 valuation did not account for the 2020 excise tax because it was optional, but that it is required for the 2016 valuation. He concluded his presentation with the timing milestones on page 17.

Mr. Perusse asked whether there was any further business for the Committee. Hearing none, Mr. Perusse asked for a motion to adjourn. Ms. Jones made the motion; Mr. Dolan seconded; and the meeting adjourned at 3:00 p.m.

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