Board of Trustees Meeting
August 30, 2018
Minutes

Welcome
The meeting of the North Carolina State Health Plan Board of Trustees was called to order at approximately 10:00 a.m. on August 30, 2018.

Board Members Present
Dale R. Folwell, Chair, Ted Brinn, Peter Chauncey, Kim Hargett, Donald Martin, Peter Robie, Margaret Way

Board Members Absent
Charles Perusse

Board Member(s) Participating by Phone
Elizabeth Poole

Conflict of Interest
Ms. Way and Mr. Brinn recused themselves from participating in the Lake Lawsuit Update discussion.

Reading of SEI Statements into Minutes
Laura Rowe, Compliance Consultant, presented information on the Conflict of Interest for the Board and stated that the Statements of Economic Interest for each member would be included with the approved August 30, 2018 minutes and posted on the State Health Plan website.

Board Approval
Approval of Minutes – July 17, 2018 Teleconference
  Board Vote: Motion by Dr. Martin; Second by Mr. Chauncey; Unanimous approval by Board

Board of Trustee Bylaws Revision
Andrew Norton, Deputy General Counsel, presented a proposed revision to the Board of Trustee Bylaws. This pertains to the language regarding public comment and requests for changes to benefits in Article IV, Section 8 of the Bylaws.
**Proposed Language:** Time will be reserved at each non-telephonic Board meeting for public comment and requests for changes in benefits under the State Health Plan upon request. Such time may be limited by the Chairperson.

**Board Comments:** Ensure that people who request benefit changes are made aware of the evaluation time required to review requests.

**Board Vote:** Motion by Ms. Hargett; Second by Dr. Robie; Unanimous approval by Board

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**Public Comment**
No one requested to address the Board.

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**Recognition of Departing Board Member**
Chair Folwell read a resolution acknowledging Dr. Aaron McKethan’s service and contributions to the Board, following his resignation, effective August 31, 2018.

Following a motion by Dr. Martin, seconded by Mr. Brinn, the Board unanimously approved moving into executive session, pursuant to G.S. 143-318.11 and Chapter 132.

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**Executive Session**

**RFP Recommendation – Plan Actuary**
Sharon Smith, Manager, Contracts, provided background information on the Plan’s procurement for Actuarial/Analytical and Health Benefits Consulting Services. Whereas two vendors submitted questions during the Request for Proposal (RFP) question and answer period, only the incumbent vendor, Segal Company (Eastern States), Inc., submitted a proposal.

The Plan’s Evaluation Committee thoroughly reviewed the one proposal and determined that Segal met all RFP requirements and demonstrated financial savings for the Plan. The initial term of the contract is two years, beginning January 1, 2019 through December 31, 2020, with two (2) one (1) year renewal options.

Ms. Smith informed the Board that before securing all approvals from the State Division of Purchase and Contracts, the Attorney General’s Office, and the Governor’s Office, the Plan reached out to the nonresponding vendor to determine why it did not submit a proposal. The vendor did not submit a proposal because it took exception to the State Terms and Conditions.

After a brief discussion regarding the need for the Plan to seek ways to encourage competition for future procurements, Ms. Smith requested BOT approval to award and execute the contract with Segal.

**Board Comments:** Board members stated that if terms and conditions are mandated by General Statutes, then discussions should be held with legislators to revise the General Statutes to allow for more competition.
Plan Recommendation: Award the Actuarial/Analytical and Health Benefits Consulting Services contract to Segal.

Board Vote: Motion by Ms. Hargett; second by Mr. Chauncey; Unanimous approval by Board

Provider Reimbursement Strategy
Andrew Norton and Dee Jones, Executive Director, outlined the legal risks associated with the Provider Reimbursement Strategy and issues regarding the overall cost of health care and the Plan’s efforts to reduce costs by $300 million over the next year. Plan staff has worked with Blue Cross Blue Shield of NC (BCBSNC) over the past few months to develop a strategy to address cost-saving measures, while keeping the Plan financially stable.

Treasurer Folwell and Plan staff recommended that BCBSNC review and renegotiate reimbursement rates for the State Health Plan provider network.

Board Comments: Members supported the idea of a reimbursement rate schedule built on Medicare, a government payer, as a way to potentially level set reimbursement rates.

The legal benefits, risks and challenges for members, providers and the Plan were presented and discussed.

ESI Lawsuit Update
Andrew Norton, Deputy General Counsel, provided information regarding a current lawsuit between the Plan and the previous Pharmacy Benefit Manager, Express Scripts, Inc.

Lake Lawsuit Update
Sam Hayes, General Counsel, provided the Board with an update on the Lake lawsuit.

Following a motion by Ms. Hargett, seconded by Mr. Chauncey, the Board voted unanimously to move into open session.

Operations Updates

Staffing – Organizational Structure
Ms. Jones reviewed the current organizational structure and provided a comparison of open and filled positions from August 2017 to August 2018.

Financials Update
State Fiscal Year End 7/1/2017 – 6/30/2018: Matthew Rish, Sr. Director, Finance, Planning and Analytics, presented the financial report for the past fiscal year. Plan revenue and net income both exceeded the authorized budgeted amount and total expenditures were under budget.

Note: The overall % change on page 7 of the presentation should be 9.2% rather than 33.2%. The corrected presentation will be posted on the Plan’s website.
Calendar Year to Date 1/1/2018 – 7/31/2018: Mr. Rish presented the financial information for the current calendar year through July.

2019 Benefits/TPA Implementation and New Functionality
Caroline Smart, Sr. Director, Plan Integration, presented vendor infrastructure changes under the Third Party Administrator (TPA) contract, the TPA implementation timeline and a new option for direct bill members to use a credit card for premium payments. The Open Enrollment Readiness Update was also reviewed.

Open Enrollment Planning/Activity
Beth Horner, Director of Customer Experience and Communications, presented information on Open Enrollment (OE) Planning and Activities. The Plan has been working and will continue to partner with Health Benefit Representatives (HBRs) and retirement associations to communicate OE information.

Comments: Chair Folwell noted that approximately 181,000 members had qualifying life events (QLEs) within the past year. These include births, adoptions, marriages, divorce, etc. He emphasized the important role HBRs play to ensure the enrollment system accurately reflects member changes to their health plan.

Tobacco Cessation
Tracy Linton, Sr. Director, Plan Benefits, presented changes to the Plan’s tobacco cessation services. The projected annual Plan savings, due to the changes, is approximately $480,000.

Analytics Update
Frank DeVita, Program Director, presented the Analytics Update. He noted that as the data area continues to hire permanent staff, the Plan will be better equipped and able to analyze data and provide more in-house reporting.

Next Board Meeting(s)
The Plan will poll the Board for a 2-hour in-person meeting toward the end of September, a 1-hour conference call at the end of October and a regular in-person meeting during the first week in December.

Final Comments
Chair Folwell emphasized the responsibility he and the Department of State Treasurer have as “keepers of the state purse.” The Plan knows how much is being spent but is not privy to the amount it should be paying. He stated that the State Auditor would be performing another audit, similar to one completed in 2010.

He concluded by stating that the Plan will begin to focus on the pharmacy area as the next step in working to reduce overall health costs.
Adjournment

Following a motion by Mr. Chauncey, seconded by Dr. Martin, the Board voted unanimously to adjourn the meeting at 1:10 p.m.

Minutes submitted by:  Andrew Norton, Secretary
Approved by:  

Dale R. Folwell, Chair
AGENDA ITEM

Conflict of Interest Statement

Statement of Economic Interest evaluations of members pursuant to the Ethics Act § 163A-159(c)

In the following packet is a copy of each Board member’s most recent Statement of Economic Interest (SEI) evaluation issued by the State Board of Elections and Ethics Enforcement. These are being provided for Board members’ review and for recording in the meeting minutes pursuant to the requirements of the State Government Ethics Act. Members are encouraged to review the evaluations to inform and remind them of the identified actual or potential conflicts of interest.
April 25, 2017

The Honorable Dale R. Folwell
Department of State Treasurer
325 N. Salisbury Street
Raleigh, NC 27603

Via Email

Re: Evaluation of Your Statement of Economic Interest
North Carolina State Treasurer

Dear Treasurer Folwell:

Our office is in receipt of your 2017 Statement of Economic Interest as North Carolina State Treasurer. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes (“N.C.G.S.”), also known as the State Government Ethics Act.

We did not find an actual conflict of interest, but did find the potential for a conflict of interest. The potential conflict identified does not prohibit your service.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant’s extended family, or a business or non-profit with which the public servant or a member of the public servant’s immediate family is associated may receive a reasonably foreseeable financial benefit.

You disclosed that you and your spouse own threshold amounts of stock in publicly traded stocks including Apple, Inc., and Valeant. Therefore, you have the potential for a conflict of interest and should exercise appropriate caution in the performance of your public duties, should these entities, or any entity in which you and/or your spouse have a financial interest come before you for official action.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).
Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

Gretchen D. Aycock
SEI Attorney

cc: Laura Rowe, Ethics Liaison

Attachment: Ethics Education Flyer
The Honorable Patrick L. McCrory
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Re: Evaluation of Statement of Economic Interest Filed By Elizabeth Fuller Poole
State Health Plan Board-At Large Member

Dear Governor McCrory:

Our office is in receipt of Elizabeth Fuller Poole’s 2015 Statement of Economic Interest and 2016 No Change Form filed as a member of the State Health Plan for Teachers and State Employees Board of Trustees (“the Board”). We have reviewed them for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes (“N.C.G.S.”), also known as the State Government Ethics Act.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Health Plan (“the Plan”) insures more than 663,000 state employees, teachers, retirees, current and former lawmakers, state university and community college personnel, state hospital staff and their dependents. The Board is statutorily charged with approving the benefits programs, premium rates, co-pays, deductibles, coinsurance maximums, and large contracts for the Plan. The Board also oversees administrative reviews and appeals and is charged with developing and maintaining a strategic plan.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant’s extended family, or a business or non-profit with which the public servant or a member of the public servant’s immediate family is associated may receive a reasonably foreseeable financial benefit.

Ms. Poole fills the role of an At-Large member of the Board appointed by the Governor. She has disclosed that she is an employee of Cabarrus County Schools, and is insured by the State Health Plan that she will be administering. In light of this interest, Ms. Poole has the potential for a conflict of interest and should exercise appropriate caution in the performance of her public duties.
In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board’s chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

Gretchen D. Aycock
SEI Attorney

cc: Elizabeth Fuller Poole, Filer
    Laura Rowe, Ethics Liaison
    Janet R. Cowell, Board Chair

Attachment: Ethics Education Flyer
July 12, 2017

The Honorable Roy A. Cooper, III
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Via Email

Re: Evaluation of Statement of Economic Interest Filed By Ms. Virginia K. Hargett
Prospective Appointee – State Health Plan Board

Dear Governor Cooper:

Our office is in receipt of Ms. Virginia K. Hargett’s 2017 Statement of Economic Interest as a prospective appointee to the State Health Plan for Teachers and State Employees Board of Trustees (“the Board”). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes (“N.C.G.S.”), also known as the State Government Ethics Act.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Health Plan (“the Plan”) insures more than 663,000 state employees, teachers, retirees, current and former lawmakers, state university and community college personnel, state hospital staff and their dependents. The Board is statutorily charged with approving the benefits programs, premium rates, co-pays, deductibles, coinsurance maximums, and large contracts for the Plan. The Board also oversees administrative reviews and appeals and is charged with developing and maintaining a strategic plan.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant’s extended family, or a business or non-profit with which the public servant or a member of the public servant’s immediate family is associated may receive a reasonably foreseeable financial benefit.

Ms. Hargett will fill the role of a gubernatorial appointee on the Board. She is a teacher with Union County Public Schools and is currently insured by the State Health Plan that she will be administering. In light of this interest, she has the potential for a conflict of interest and should exercise appropriate caution in the performance of her public duties.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).
Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board’s chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

Beth Carpenter
SEI Unit

cc: Ms. Virginia K. Hargett

Attachment: Ethics Education Flyer
November 16, 2017

The Honorable Dale Folwell
Department of State Treasurer
3200 Atlantic Avenue
Raleigh, NC  27604

Via email

Re: Evaluation of Statement of Economic Interest Filed by Wilbur Brinn
Treasurer Appointee—State Health Plan

Dear Treasurer Folwell:

Our office is in receipt of Wilbur Brinn’s 2017 Statement of Economic Interest as a member of the State Health Plan (“the Board”). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes (“N.C.G.S.”), also known as the State Government Ethics Act.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Health Plan insures more than 663,000 state employees, teachers, retirees, current and former lawmakers, state university and community college personnel, state hospital staff and their dependents. The State Health Plan Board of Trustees (“the Board”) is statutorily charged with approving the benefits programs, premium rates, co-pays, deductibles, coinsurance maximums, and large contracts for the Plan. The Board also oversees administrative reviews and appeals and is charged with developing and maintaining a strategic plan.

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Wilbur Brinn fills the role of a Treasurer Appointee on the Board. He disclosed that his spouse is self-employed as a medical record scanning contractor, as such, he has the potential for a conflict of interest. Mr. Brinn should exercise appropriate caution in the performance of his public duties should his spouse, or her company come before the Board for official action.
In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board’s chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

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Sincerely,

Diana Latta
Paralegal

cc: Wilbur Brinn, Filer
Laura Rowe, Ethics Liaison
Chairman of the Board

Attachment: Ethics Education Flyer
The Honorable Tim Moore
Speaker of the House of Representatives
16 W. Jones St., Rm. 2304
Raleigh, NC 27601-1096

Re: Evaluation of Statement of Economic Interest Filed By Dr. Donald L. Martin, Jr.
State Health Plan Board

Dear Speaker Moore:

Our office is in receipt of Dr. Donald L. Martin, Jr.’s 2016 Statement of Economic Interest as a member of the State Health Plan for Teachers and State Employees Board of Trustees (“the Board”). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes (“N.C.G.S.”), also known as the State Government Ethics Act.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Health Plan (“the Plan”) insures more than 663,000 state employees, teachers, retirees, current and former lawmakers, state university and community college personnel, state hospital staff and their dependents. The Board is statutorily charged with approving the benefits programs, premium rates, co-pays, deductibles, coinsurance maximums, and large contracts for the Plan. The Board also oversees administrative reviews and appeals and is charged with developing and maintaining a strategic plan.

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Dr. Martin and his spouse are retired state employees and are insured by the State Health Plan that he will be administering. In light of this interest, Dr. Martin has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).
Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board’s chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

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Sincerely,

Beth Carpenter
SEI Unit

cc: Dr. Donald L. Martin, Jr.
    Ms. Laura Rowe, Ethics Liaison
    The Honorable Janet Cowell, Chair

Attachment: Ethics Education Flyer
The Honorable Phil Berger  
President Pro Tempore of the Senate  
16 W. Jones Street, Room 2008  
Raleigh, NC  27601  

Via email

Re: Evaluation of Statement of Economic Interest Filed By Mrs. Margaret H. Way  
Senate Appointee – State Health Plan Board

Dear Senator Berger:

Our office is in receipt of Mrs. Margaret H. Way’s 2016 Statement of Economic Interest as an appointee to the State Health Plan for Teachers and State Employees Board of Trustees (“the Board”). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes (“N.C.G.S.”), also known as the State Government Ethics Act.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

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Mrs. Way will fill the role of a retired state employee on the Board. As such, she is currently ensured by the State Health Plan that she will be administering. Thus, she has the potential for a conflict of interest and should exercise appropriate caution in the performance of her public duties should any issues involving her benefits come before the Board for official action.
In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board’s chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

Beth Carpenter
SEI Unit

cc: Mrs. Margaret H. Way
Ms. Janet R. Cowell, Chair
Ms. Laura Rowe, Ethics Liaison

Attachment: Ethics Education Flyer
The Honorable Phil Berger  
President Pro Tempore of the Senate  
16 W. Jones Street, Room 2008  
Raleigh, NC  27601  

Re:  Evaluation of Statement of Economic Interest Filed By Mr. Aaron N. McKethan  
Senate Appointee – State Health Plan Board  

Dear Senator Berger:  

Our office is in receipt of Mr. Aaron N. McKethan’s 2015 Statement of Economic Interest as an appointee to the State Health Plan for Teachers and State Employees Board of Trustees (“the Board”). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes (“N.C.G.S.”), also known as the State Government Ethics Act.  

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.  

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Mr. McKethan will fill the role of a public member on the Board. He is the President of RxAnte, LLC, an analytics and software company, whose parent company, Millennium Health, may provide diagnostic services to Medicaid providers in North Carolina. Thus, Mr. McKethan has the potential for a conflict of interest and should exercise appropriate caution in the exercise of his public duties should RxAnte or any entity in which he holds a financial interest come before the Board for official action.
In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board’s chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

Pamela B. Cashwell
SEI Unit

cc: Mr. Aaron N. McKethan
    Ms. Janet R. Cowell, Chair
    Ms. Sandra Johnson, Ethics Liaison

Attachment: Ethics Education Flyer
August 8, 2017

The Honorable Tim Moore
Speaker of the House of Representatives
16 W. Jones St., Rm. 2304
Raleigh, NC 27601-1096

Via Email

Re: Evaluation of Statement of Economic Interest Filed By Mr. Peter W. Chauncey
State Health Plan Board—House Appointee

Dear Speaker Moore:

Our office is in receipt of Mr. Peter W. Chauncey’s 2017 Statement of Economic Interest as a House appointee to the State Health Plan for Teachers and State Employees Board of Trustees (“the Board”). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes (“N.C.G.S.”), also known as the State Government Ethics Act.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Health Plan (“the Plan”) insures more than 663,000 state employees, teachers, retirees, current and former lawmakers, state university and community college personnel, state hospital staff and their dependents. The Board is statutorily charged with approving the benefits programs, premium rates, co-pays, deductibles, coinsurance maximums, and large contracts for the Plan. The Board also oversees administrative reviews and appeals and is charged with developing and maintaining a strategic plan.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant’s extended family, or a business or non-profit with which the public servant or a member of the public servant’s immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Chauncey fills the role of a House appointee on the Board. He is the Principal of PWC Solutions, LLC, a company that provides consulting and management services to organizations and boards in the areas of health care and wealth management. He also owns a threshold financial interest in Aetna, a registered lobbyist principal in North Carolina, and a publicly traded health insurance company. While Aetna has signaled its intent to withdraw from the North Carolina health insurance market beginning in 2018, it is possible that it could seek to market its health insurance plans or other services to the Board. In addition, Mr. Chauncey holds a threshold financial interest in stock options for Patient Pay: a privately held company that provides billing statements for health care companies and medical providers. Patient Pay could also seek to market its services to the Board directly, or as a sub-contractor to a health plan selected by the Board. In light of these interests, he has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should any entity in which he holds a financial interest come before the Board for official action, or seeks to conduct business with the Board.
In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board’s chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

Gretchen D. Aycock
SEI Attorney

cc: Mr. Peter W. Chauncey, Filer
The Honorable Dale Folwell, NC Treasurer and Board Chairman
Ms. Laura Rowe, Ethics Liaison

Attachment: Ethics Education Flyer
January 12, 2018

The Honorable Dale Folwell
Department of State Treasurer
3200 Atlantic Avenue
Raleigh, NC 27604

Via email

Re: Evaluation of Statement of Economic Interest Filed by Dr. Peter Robie
Health benefits medical background Position—State Health Plan

Dear Treasurer Folwell:

Our office is in receipt of Dr. Peter Robie’s 2017 Statement of Economic Interest as a member of State Health Plan (“the Board”). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes (“N.C.G.S.”), also known as the State Government Ethics Act.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity

The State Health Plan insures more than 663,000 state employees, teachers, retirees, current and former lawmakers, state university and community college personnel, state hospital staff and their dependents. The State Health Plan Board of Trustees (“the Board”) is statutorily charged with approving the benefits programs, premium rates, co-pays, deductibles, coinsurance maximums, and large contracts for the Plan. The Board also oversees administrative reviews and appeals and is charged with developing and maintaining a strategic plan.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant’s extended family, or a business or non-profit with which the public servant or a member of the public servant’s immediate family is associated may receive a reasonably foreseeable financial benefit.

Dr. Peter Robie fills the role of a Health benefits medical background Position on the Board. He and his spouse are both employed in the healthcare industry; As such, he has the potential for a conflict of interest. Dr. Robie should exercise appropriate caution in the performance of his public duties should any companies that he or his immediate family have a financial interest in come before the Board for official action or seek to conduct official business with the Board.
In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board’s chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

Diana Latta
Paralegal

cc: Dr. Peter Robie, Filer
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Flyer