

Agency Name:	Public Employee Benefit Authority		
Agency Code:	F500	Section:	108



**Fiscal Year FY 2022-2023**

**Agency Budget Plan**

**FORM A - BUDGET PLAN SUMMARY**

<b>OPERATING REQUESTS</b> <i>(FORM B1)</i>	<b>For FY 2022-2023, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>NON-RECURRING REQUESTS</b> <i>(FORM B2)</i>	<b>For FY 2022-2023, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.



<b>CAPITAL REQUESTS</b> <i>(FORM C)</i>	<b>For FY 2022-2023, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>PROVISOS</b> <i>(FORM D)</i>	<b>For FY 2022-2023, my agency is (mark "X"):</b>	
	<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
<b>PRIMARY CONTACT:</b>	John Pannell	(803) 737-4675	jpannell@peba.sc.gov
<b>SECONDARY CONTACT:</b>	Travis Turner	(803) 734-0574	tturner@peba.sc.gov

I have reviewed and approved the enclosed FY 2022-2023 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
<b>SIGN/DATE:</b>	 10/18/21	 10/18/21
<b>TYPE/PRINT NAME:</b>	Peggy G. Boykin	John A Sowards

*This form must be signed by the agency head – not a delegate.*

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## **FORM D – PROVISO REVISION REQUEST**

<b>NUMBER</b>	NEW
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*Cite the proviso according to the renumbered list (or mark "NEW").*

<b>TITLE</b>	PEBA: South Carolina Retiree Health Insurance Trust Fund
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*Provide the title from the renumbered list or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	SC Employee Insurance Program
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*Identify the associated budget program(s) by name and budget section.*

<b>RELATED BUDGET REQUEST</b>	N/A
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*Is this request associated with a budget request you have submitted for FY 2022-2023? If so, cite it here.*

<b>REQUESTED ACTION</b>	Add
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	N/A
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY &amp; EXPLANATION</b>	<p>The provisions of Section 1-11-705(I)(2) of the Code of Laws are suspended for Fiscal Year 2022-2023, and, notwithstanding any other provision of law, during Fiscal Year 2022-2023, funds that would otherwise have been transferred to the South Carolina Retiree Health Insurance Trust Fund from the operating account for the State's employee health insurance program pursuant to Section 1-11-705(I)(2) may remain in the operating account for the State's employee health insurance program.</p>
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

**FISCAL IMPACT**

N/A

*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

**PROPOSED  
PROVISO TEXT**

The provisions of Section 1-11-705(I)(2) of the Code of Laws are suspended for Fiscal Year 2022-2023, and, notwithstanding any other provision of law, during Fiscal Year 2022-2023, funds that would otherwise have been transferred to the South Carolina Retiree Health Insurance Trust Fund from the operating account for the State's employee health insurance program pursuant to Section 1-11-705(I)(2) may remain in the operating account for the State's employee health insurance program.

*Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

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## **FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN**

<b>TITLE</b>	Agency Cost Savings and General Fund Reduction Contingency Plan
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<b>AMOUNT</b>	\$3,371,062
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*What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.*

<b>ASSOCIATED FTE REDUCTIONS</b>	N/A. No agency FTEs are funded with General Funds.
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*How many FTEs would be reduced in association with this General Fund reduction?*

<b>PROGRAM / ACTIVITY IMPACT</b>	<p>PEBA’s General Fund appropriations are statewide items and governed by statutes. PEBA does not control the amount of these appropriations and must pay out all funds that are received. However, based on actual amounts for FY21, PEBA believes that if necessary, reductions might be realized for Retirement Supplement-State Employees (FY21 appropriation of \$233,258, actual payments of \$36,121), Retirement Supplement-Public School Employees (FY21 appropriation of \$199,855, actual payments of \$24,297), and Retirement Supplement-Police Officers (FY21 appropriation of \$17,506, actual payments of \$1,371). However, based on FY21 actual payments, it may be difficult to achieve a full 3% reduction over these categories. The other categories comprising most of the General Fund Appropriation (SCRS Trust Fund, PORS Trust Fund, Nation Guard Pensions, and OPEB Trust) cannot be reduced per statute.</p>
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*What programs or activities are supported by the General Funds identified?*

<b>SUMMARY</b>	<p>PEBA does not control the level of these General Fund appropriations and must distribute all funds collected.</p>
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*Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.*

**AGENCY COST  
SAVINGS PLANS**

PEBA does not control the level of these General Fund appropriations and must distribute all funds collected.

*What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?*

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## FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

<b>TITLE</b>	Cost avoidance for the State Health Plan through cost containment initiatives and plan design changes
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*Provide a brief, descriptive title for this request.*

<b>EXPECTED SAVINGS TO BUSINESSES AND CITIZENS</b>	<div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>PEBA continually evaluates and implements State Health Plan design changes to maximize potential cost savings for members and their employers.</b> </div>
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*What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b> <table border="1" style="width: 100%;"> <tr> <td style="width: 20px;"><input type="checkbox"/></td> <td>Repeal or revision of regulations.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Reduction of agency fees or fines to businesses or citizens.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Greater efficiency in agency services or reduction in compliance burden.</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Other</td> </tr> </table>	<input type="checkbox"/>	Repeal or revision of regulations.	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.	<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.	<input checked="" type="checkbox"/>	Other
<input type="checkbox"/>	Repeal or revision of regulations.								
<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.								
<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.								
<input checked="" type="checkbox"/>	Other								

<b>METHOD OF CALCULATION</b>	Estimated costs are determined using cost projections with current plan provisions versus cost projections for provisions proposed for the next plan year.
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*Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.*

<b>REDUCTION OF FEES OR FINES</b>	Not applicable.
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*Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?*

<b>REDUCTION OF REGULATION</b>	Not applicable.
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*Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?*

<b>SUMMARY</b>	<p>The South Carolina Public Employee Benefit Authority works continually with its vendors to identify ways to avoid additional costs to the State Health Plan. Ever increasing health care costs challenge budgets everywhere, but the State Health Plan remains a comprehensive and affordable option for South Carolina's public employers and employees, as well as taxpayers.</p> <p>This focus on cost avoidance serves the Plan, and our state's taxpayers, well. The Plan compares quite favorably overall with national health plan cost trends.</p> <p>National trend estimates in comparison to State Health Plan trend</p> <p>National benchmark SHP Net Trend</p> <table style="width: 100%;"> <tr> <td>2015</td> <td>7.2%</td> <td>7.9%</td> </tr> <tr> <td>2016</td> <td>6.9%</td> <td>0.3%</td> </tr> <tr> <td>2017</td> <td>6.5%</td> <td>2.5%</td> </tr> <tr> <td>2018</td> <td>7.1%</td> <td>3.2%</td> </tr> <tr> <td>2019</td> <td>6.7%</td> <td>2.5%</td> </tr> <tr> <td>2020</td> <td>6.6%</td> <td>3.6% (12/18)</td> </tr> </table>	2015	7.2%	7.9%	2016	6.9%	0.3%	2017	6.5%	2.5%	2018	7.1%	3.2%	2019	6.7%	2.5%	2020	6.6%	3.6% (12/18)
2015	7.2%	7.9%																	
2016	6.9%	0.3%																	
2017	6.5%	2.5%																	
2018	7.1%	3.2%																	
2019	6.7%	2.5%																	
2020	6.6%	3.6% (12/18)																	

5-year average 6.8% 2.4%

5-year average 6.8% 2.4%

*Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?*