



RETIREMENT SYSTEMS DIVISION

STEVEN C. TOOLE
EXECUTIVE DIRECTOR

ANNUAL REPORT ON SUPPLEMENTAL INSURANCE

TO: Teachers' and State Employees' Retirement System and Local Governmental Employees' Retirement System Boards of Trustees

FROM: Steven C. Toole, Executive Director

DATE: October 18, 2018

Background

Active state and local government employees during their working careers are able to participate through their employer in group vision, dental, life and other insurance options, in addition to health care coverage. As a retiree, those benefits are not portable, so retirees often have limited or no coverage options available at affordable rates. The NC Retirement Systems Division (RSD) makes coverage available on a participating basis to retirees and benefit recipients at competitive prices. Current products include dental and vision through UnitedHealthcare and identity theft through LifeLock. Our contract with UnitedHealthcare expires December 31, 2020, and our contract with LifeLock expires December 31, 2019.

RSD partners with the Pierce Insurance Agency who serves as the exclusive broker and administrator for the program.

Pierce Insurance Agency is a family-owned company established in 1955 in Farmville, NC, and was awarded the contract to manage supplemental insurance benefits to retirees of the North Carolina Retirement Systems through a formal bid process. Renewal options have been exercised since the execution of the initial agreement. The existing contract was recently extended through December 31, 2020.

Status

Pierce Insurance Agency has administered and marketed the program effectively and efficiently. We have experienced consistent annual growth in participation since contract inception with Pierce Insurance Agency. The total participation increase over that span exceeds 85 percent with more than 180,000 retirees currently participating.

2018 Open Enrollment (October 1-31, 2017 with coverage effective January 1, 2018)

- 3,505 New Dental applications
- 3,308 New Vision applications
- 4,313 New LifeLock (Identity Theft) applications

Year to Date 2018 (January to mid-September 2018)

- 3,447 New Dental applications
- 3,063 New Vision applications
- 593 New LifeLock (Identity Theft) applications

Total Participants (Retirees and Dependents) as of 12/31/17

- Dental: 105,609
- Vision: 85,985
- LifeLock: 13,782

Current Premiums**DENTAL COVERAGE***United Healthcare*

Monthly Premiums

| Retiree | Retiree + 1 | Retiree + Family |
|----------------|--------------------|-------------------------|
| \$37.05 | \$87.77 | \$123.07 |

VISION COVERAGE*United Healthcare*

Plan Coverage/Monthly Premiums

| | Retiree | Retiree + 1 | Retiree + Family |
|---|----------------|--------------------|-------------------------|
| Plan 1 Exam & Materials Plan | \$7.21 | \$14.58 | \$16.37 |
| Plan 2 Materials Only | \$5.03 | \$10.20 | \$11.40 |

IDENTITY THEFT PROTECTION*LifeLock*

Monthly Premiums

| Retiree | Retiree + 1 | Retiree + Family |
|----------------|--------------------|-------------------------|
| \$8.49 | \$14.99 | \$23.36 |

Rate Reduction for Dental and Vision benefits negotiated in 2018

- Savings of \$1.2 million in premiums for retirees in 2019

- Savings of \$1.5 million in premiums for retirees in 2020
- **Total savings of \$2.7 million in premiums for retirees over the next 2 years**

Pierce Insurance Agency Services

- Mobile-ready, state-of-the-art website: www.ncretiree.com
- Annual open enrollment for all retirees and monthly for new retirees
- Premiums are deducted from monthly pension benefit payment
- Call Center with dedicated toll-free number: 855-627-3847 (855-NCRETIRE)
- State-of-the-art enrollment platform: online, telephonic, paper
- Educational videos

The North Carolina Supplemental Insurance Benefits Program is running efficiently and providing tremendous value to NC public sector retirees.