MEMORANDUM

TO: Teachers’ and State Employees’ Retirement System and Local Governmental Employees’ Retirement System Boards of Trustees
FROM: Thomas G. Causey, Executive Director
Retirement Systems Division
DATE: March 24, 2023
RE: Annual Report on Supplemental Insurance

BACKGROUND
Active state and local government employees during their working careers can participate through their employer in group vision, dental, life and other insurance options, in addition to health care coverage. As a retiree, these benefits are not portable, so retirees often have limited or no coverage options available at affordable rates. The North Carolina Retirement Systems Division (RSD) makes coverage available on a voluntary 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, 2025, and our contract with LifeLock expires December 31, 2025.

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 in 2011 to manage supplemental insurance benefits to retirees of the North Carolina Retirement Systems through a formal bid process.

In 2022 Pierce Insurance conducted an RFQ process to ensure retirees continue to receive the best possible plans and rates. As a result of that RFQ process, rates were reduced by 2% on the Dental and 5% on the Vision resulting in a savings of $1.7 million for retirees. The new Dental and Vision rates are guaranteed to December 31, 2025.

Status
We have experienced consistent annual growth in participation since contract inception with Pierce Insurance Agency. The total participation increase over that span exceeds 115% percent with more than 246,952 retirees and dependents currently participating in Dental and Vision as of December 31, 2022. In addition, there are 26,000 participants in the Identity Theft program.

2023 Open Enrollment (Enrolled: September 15, 2022 – November 15, 2022, coverage effective January 1, 2023)
• 4,422 new Dental applications
• 4,172 new Vision applications
• 2,353 new LifeLock (Identity Theft) applications
Calendar Year 2022 (Coverage effective January 1 to December 31, 2022)

- 13,000 Dental policies
- 11,721 Vision policies
- 2,550 new Identity Theft policies

Current Total Participants (Retirees and Dependents as of December 31, 2022)

- Dental: 133,473 participants
- Vision: 113,479 participants
- Identity Theft: 26,000 participants

Dental Coverage

2023 Premiums- 2% rate reduction.
UnitedHealthcare
Monthly Premium

<table>
<thead>
<tr>
<th>Retiree</th>
<th>Retiree + 1</th>
<th>Retiree + Family</th>
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<tbody>
<tr>
<td>$36.26</td>
<td>$85.85</td>
<td>$120.36</td>
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</table>

Vision Coverage

2023 Premiums- 5% rate reduction.
UnitedHealthcare
Monthly Premium

<table>
<thead>
<tr>
<th>Plan 1</th>
<th>Retiree</th>
<th>Retiree + 1</th>
<th>Retiree + Family</th>
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</thead>
<tbody>
<tr>
<td>Exam &amp; Materials</td>
<td>$6.81</td>
<td>$13.79</td>
<td>$15.49</td>
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<td>Plan 2</td>
<td>Materials Only</td>
<td>$4.74</td>
<td>$9.62</td>
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Identity Theft Protection

2023 – Same rates with benefit enhancements
LifeLock
Monthly Premium

<table>
<thead>
<tr>
<th>Retiree</th>
<th>Retiree + Family</th>
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<tbody>
<tr>
<td>$8.00</td>
<td>$14.00</td>
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Total participants on the following chart include retirees and dependents.
Services Provided by Pierce Insurance Agency

- Mobile-ready website: ncretiree.com with live chat feature
- Annual open enrollment awareness for all retirees
  - Booklet mailed to all retirees
  - Email campaign
- New retiree enrollment monthly awareness
  - Booklet mailed to new retirees
  - Email campaign
- Deduction of premiums from monthly pension benefit payment
- Call Center with dedicated toll-free number - 855-627-3847 (855-NCRETIRE)
  - 57,139 calls received in 2022
  - 26,199 calls received during open enrollment
- State-of-the-art enrollment platform with online, telephonic and paper options
- Educational videos
- Negotiates to reduce cost and enhance benefits - savings of $1.7 million.
    - The mobile app makes it easier for NC retirees to access their Dental, Vision, and Identity Theft benefits by providing instant access to ncretiree.com.
    - NC retirees can view their benefits e-book, enroll online, access policy resources for claims and customer care, view videos, FAQs, and contact information.
- Open Enrollment Virtual Information Sessions highlighting benefits, how to navigate supplemental benefits website, enrollment options, and Q&As.
  - New! Instructional Video - how to enroll online.