



December 20, 2023

Barbara Gibson
Deputy Director
North Carolina Office of State Human Resources
1331 Mail Service Center
Raleigh, NC 27699-1331

Re: OSHR Planned Transition of NCFlex Enrollment from BenefitFocus to Empyrean

Dear Director Gibson:

Thank you for the North Carolina Office of State Human Resources' ("OSHR") letter, dated December 14, 2023, and for confirming that OSHR has sought to implement a mid-year 2024 NCFlex transition from BenefitFocus to Empyrean. As I noted in my prior letter, the right thing to do would have been to inform the North Carolina State Health Plan for Teachers and State Employees ("Plan") of your intentions so we could address your concerns collaboratively. Instead, we had to discover your actions through third parties, who were instructed by OSHR not to speak to the Plan about the NCFlex transition.

While the nine-page response from your lawyer seeks to complexify and obscure, the truth of the situation is simple—OSHR sought to implement a mid-year 2024 transition without informing the Plan in accordance with our Memorandum of Understanding, OSHR's actions will harm the Plan and its members, and the Plan cannot allow a mid-year 2024 enrollment platform transition. So, in the continued spirit of partnership, let me restate our position.

I have a statutory fiduciary duty to the Plan and must manage the Plan's resources and contractual relationships in its best interest. And, while I strongly disagree with OSHR's belief that forcing state employees to enroll in two separate locations for benefits simplifies the lives of employees—the Plan already has seen numerous exception requests from University of North Carolina employees who were confused by two separate platforms and failed to enroll in health benefits—that is not the basis for my correspondence. My focus is that a mid-year change during 2024 to the Empyrean platform will irreparably harm the Plan and its members.

As you know, the Plan is implementing one of the largest transitions in recent Plan history—changing its third-party administrator from Blue Cross Blue Shield of North Carolina to Aetna Life Insurance Company ("Aetna"). Aetna's go-live date is January 1, 2025, with Open Enrollment for these 2025 health benefits occurring September-October 2025. Thus, Plan staff and our vendors are working at full capacity (and must continue to work at full capacity) to make this transition and 2025 Open Enrollment successful. Diverting Plan and vendor staff and resources away from the Aetna transition directly impairs the success of the TPA transition and the health of the Plan and its members.

Accordingly, the Plan can only support a January 2025 or later transition of NCFlex from the BenefitFocus platform to the Empyrean platform. To protect the Plan and our members, the Plan will not support any decisions by OSHR to make a mid-year 2024 transition. If you are amenable to acting in accordance with the Plan's necessary timetable, we are happy to meet with you and develop an implementation plan, and

we will address your concerns collaboratively in the same manner we resolved OSHR's prior non-compliance with COBRA and its failure to pay its August 2023 invoice in a timely manner.

While we continue to hope that OSHR will reciprocate the Plan's desire of partnership, we understand OSHR may decide to continue its present course despite the danger it poses to the Plan and its members. If OSHR continues, please know that its actions will likely cause OSHR's non-compliance with COBRA and other applicable law, uncontrolled loss or duplication of NCFlex member benefits, billing and payroll errors for NCFlex members and their employing units, and NCFlex member confusion and disruption.

Therefore, I ask that OSHR inform the Plan of its final decision by January 12, 2024, so that the Plan may take appropriate action.

Best,



Samuel W. Watts
Executive Administrator
North Carolina State Health Plan

CC:

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