

**State Employee Benefits Committee**  
**Monday, April 27, 2015 at 2:00 p.m.**  
**Tatnall Building, Room 112**  
**Dover, Delaware**

*Approved 5/15/2015*

The State Employee Benefits Committee met on April 27, 2015, at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB	Omar Masood, OST
Brenda Lakeman, Director, OMB, SBO	Mike Morton, Controller General
Faith Rentz, Deputy Director, OMB, SBO	Jennifer Mossman, Highmark DE
Lisa Porter, OMB, SBO	Mike North, Aetna
Mary Thuresson, OMB, SBO	Casey Oravez, OMB, Financial Operations
Ginger Anastadt, DSEA-R	Lori Peddicord, City of Dover
Howard Atkinson, Segal	Karol Powers-Case, DRSPA
Matt Bittle, DE State News	Kimberly Reinagel-Nietubiez, CGO
Tom Brackin, DSTA	Sandy Richards, AFSCME-R
Ronald Burrows, DRSPA	Paula Roy, Roy Associates
Lisa Carmean, City of Milford	Shari Sack, Aflac
David Craik, Pension Office	Holly Scott, PHRST
Scott Douglas, Univ of DE	Ken Simpler, OST
Jessica Eisenbrey, OMB	Henry Smith, DHSS
Andrea Godfrey, OMB	Jeff Taschner, DSEA
Pat Griffin, AOC	Jim Testerman, DSEA-R
Guerke, Erin, OST	Everett Toomey, DRSPA
Eugene Hanks, AFSCME, Council 81	Chris Ulrich, Univ of DE
Christina Hudson, Univ of DE	Karen Valentine, AFSCME, Council 81
Andrew Kerber, DOJ	Valerie Watson
Geoff Klopp, COAD	Karen Weldin-Stewart, DOI
Dave Leiter, DHSS	Stuart Wohl, Segal
Joe Marocco, HMS	Rebecca Zink, OST

#### **Introductions/Sign In**

Director Visalli called the meeting to order at 2:02 p.m. Anyone who had public comment was invited to sign in and any others wishing to comment would be given the opportunity at the end of the meeting. Introductions were given around the room.

#### **Approval of Minutes**

Director Visalli requested a motion to approve the minutes from the April 13, 2015 SEBC meeting. Commissioner Stewart made the motion and Controller General Morton seconded the motion. Upon unanimous voice vote the minutes were approved.

#### **Director's Report – Brenda Lakeman**

Ms. Lakeman stated that Open Enrollment begins May 11<sup>th</sup> through May 28<sup>th</sup>. The Statewide Benefits Office (SBO) held three days of Employee Education Sessions on April 15<sup>th</sup>, April 21<sup>st</sup> and April 22<sup>nd</sup> which had very good attendance with 465 employees attending. These sessions had a very engaged audience, receiving positive feedback and the slides from the presentations are on the SBO website. Benefit Representative meetings are being held April 27<sup>th</sup> and April 28<sup>th</sup>. Open Enrollment packets are being mailed this week to those active employees who did not opt out of receiving them in the mail.

### **Financials: March 2015 Fund & Equity Report – handout**

Ms. Oravez presented the March 2015 Fund and Equity Report. It was noted that for March, there was an additional Express Scripts payment of \$9M in additional claims ending with a negative balance of \$71.66M. Ms. Griffin stated the committee projected an \$80M deficit by end of year and asked if this is still on track. Ms. Lakeman commented that the deficit will be more likely around \$90M by end of June, and SBO will continue to track and share the balance with the committee monthly. Director Visalli reminded that the committee had voted to assign \$300,000 to the OPEB trust and suggested to instead return to the health fair fund. Commissioner Stewart made the motion and Ms. Griffin seconded the motion. Upon unanimous voice vote the motion carried.

### **FY16 Group Health Program Planning - handout**

Ms. Lakeman reviewed the FY16 Planning presentation of the plan design options for FY16. There is no voting today. Examples of the General Fund Plan Design combinations were presented and reviewed with discussion.

Prescription plan copay changes were reviewed with three tiers and savings for each option. Option three changed generic from \$8.50 to \$8 and the preferred changed from \$20 to \$28 with a savings of \$2.9M. Ms. Griffin asked if the 90 day supply in Option 3 were moved up to 2.5 times the 30 day supply cost, how much additional savings would that provide. Ms. Lakeman estimated it would add another \$2M but will get an exact number. Treasurer Simpler asked if an average utilization could be produced to ascertain whether a small population that is going to see a \$1.50 increase in generics is incredibly punitive since they are on significant number of prescriptions and if we could quantify the people to be affected as this would be worth knowing. Ms. Lakeman reviewed the two options for the erectile dysfunction drugs or to eliminate the coverage entirely. Ms. Lakeman stated that a number of States do cover this medication but private companies do not. Pharmacies have different prices for this medication from \$30 to \$80 retail price per pill if not covered under our State plan. This medication is considered brand and on the list as Tier 3 Non-Preferred at \$45. Medicaid does not cover this medication. Volume affects the retail price of medications as this one. The State has an agreed to price for a covered prescription with pharmacies versus paying retail price.

Proposed Medical Plan Copays were reviewed with the current benefit, the suggested new benefit with the savings for each option. If deciding on the Primary Care Physician visit copay option, it is suggested to also include the new benefit option for the Specialist Visit copay which also has a \$10 increase for the HMO and PPO. Proposed Emergency Room copay would increase from \$150 to \$200 for HMO and PPO; this copay is omitted if admitted into hospital. The proposed Inpatient Room & Board copay increases from \$100 per day/\$200 Max to \$150 per day/\$450 Max for HMO and PPO. Mr. Smith asked if it could be priced at a \$150 per day/\$300 Max. Ms. Watson asked if possible to price the Primary Care Physician visit copay \$15 for HMO and \$25 for PPO. Ms. Griffin asked what the percentage of members participating in the HMO versus PPO. Ms. Lakeman estimated 40% HMO and 50% PPO but Segal Consulting would provide actual percentages.

Options to the Outpatient surgery copay currently at \$30/\$75 for HMO and 100% covered for PPO showed proposed increases to \$50/\$100 for HMO and PPO with a savings of \$0.5M. Moving from 100% covered in PPO for outpatient surgery to \$100 copay yields most of the savings but a breakout will be provided. The Lab and X-ray changes would yield \$5.2M in savings. Once decision is made on these options, SBO would need a 90 day window from the date of decision to the time to implement to outreach to participants, distribute posters, direct mailing if needed and reach out to providers, Pension, DSEA, and other agencies to make sure the information is communicated.

Mr. Atkinson of Segal Consulting confirmed that the members participating in HMO versus PPO is 44% HMO and 56% PPO for active employees only. Mr. Klopp expressed concern that this is not a cost savings but a cost shifting and it is all going to the employees or retirees and it feels like nothing is coming from the State. Ms. Lakeman stated there will be more savings as members stop going to the hospitals and switch to the free-standing facilities, it will produce additional cost savings. Director Visalli commented that we are trying to drive down the total spending and create a cost structure so people know they have choices by choosing an equivalent option at a lower charge.

The deductibles were reviewed. The First State Basic deductible will remain at \$500 employee/\$1,000 family. The Consumer Directed Health plan (CDH) will remain at \$1,500 employee/\$3,000 family noting that employees receive \$1,250 towards their employee only deductible and \$2,500 towards their family deductible so essentially their out-of-pocket is \$250/\$500. The six options to the other plans range from \$100 employee/\$200 family to \$500 employee/\$1,000 family for saving options from \$8.4M to \$39.5M. The idea of a sliding scale based on income or salary is an option for the future as it would require system changes to set up different plans in the payroll system, PHRST and Pension office systems, require legislative changes and other factors. Ms. Watson suggested a process called nominal group technique that is a decision making process like a numbering or ranking system of all options and funding scenarios. Treasurer Simpler asked if Option 2, currently priced at \$100 employee/\$250 family could be priced at \$125 employee/\$250 family with the savings noted. Ms. Lakeman stated a few other options are being worked on also.

#### **Spousal Coordination of Benefits Policy (SCOB) – handout**

Ms. Lakeman stated there were a few scenarios received in the SBO office with the Spousal Coordination of Benefits (SCOB) so the policy was reviewed again. Some of the items to address are clean up, others are actual policy changes. One is the elimination of pre-existing conditions from the policy. Other changes include the timing of open enrollment periods, spouses who are partners in firms/corporations, and cash in lieu of health care benefits. Recommendations are shown to eliminate specific language, remove specific references and add language to specific areas of this policy. Changes will be effective May 1, 2015. The SCOB form is self-reporting and audits are done. A motion to approve will be needed after Public Comments.

#### **Public Comment**

Mr. Dave Leiter, DHSS, thanked the committee for their efforts. He commented that the Employee Education Sessions provided good information. He realizes the health fund is in trouble and asked again for a sliding scale to help protect the lower paid employees and retirees. Mr. Leiter asked why the State is paying for erectile drugs and IVF for women as these coverages add stress to the fund. Increase in medical copays will hurt those in pay grades 1-7 and retirees on fixed incomes and asked to committee to consider this once again.

Mr. Sandy Richards, AFSCME-R, expressed his agreement with the proposed Lab and X-ray copay increases. Other increases are extremely hard on those retired since 1980 and many retirees are already on State assistance. Ms. Lakeman commented the only copays that would apply to the retirees are the prescription copays. On the Medicare side, there are allowances in the States employer group waiver plan for those employees with lower income who will pay less for their copays.

Ms. Karol Powers-Case, DRSPA, stated Sussex County does not have the amount of specialists or facilities like the other two counties. She asked the Committee to also note that there are young employees with Type 1 Diabetes who will need to see a lot of specialists; so it's not just the older people seeing many specialists.

Director Visalli asked for a motion to approve the changes for the Spousal Coordination of Benefits Policy (SCOB). General Controller Morton made the motion and Mr. Smith seconded. With unanimous voice approval the motion carried.

Director Visalli stated the next SEBC meeting is scheduled for May 11 at 2pm in same location and asked for a motion to adjourn the meeting. Mr. Smith made the motion and General Controller Morton seconded. With unanimous voice approval the motion carried. Meeting adjourned 3:38 p.m.

Respectfully submitted,

*Lisa Porter*  
Executive Secretary  
Statewide Benefits Office, OMB