



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
JANUARY 14, 2019**

The State Employee Benefits Committee (the "Committee") held a meeting on January 14, 2019 in Room 112 of the Tatnall Building located at 150 Martin Luther King Jr. Blvd. Dover, Delaware 19901.

Committee Members Represented or in Attendance:

Director Michael Jackson, Office of Management & Budget ("OMB"), Co-Chair
Secretary Sandra Johnson, Department of Human Resources ("DHR"), Co-Chair
Mr. Keith Warren, Chief of Staff, Office of the Lt. Governor (Designee on behalf of Lt. Governor Hall-Long)
The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer ("OST")
The Honorable Trinidad Navarro, Insurance Commissioner, Department of Insurance ("DOI")
Secretary Kara Walker, Department of Health and Social Services ("DHSS")
Controller General Michael Morton, Controller General's Office ("CGO")
Ms. Evelyn Nestlerode, Controller, Administrator of the Courts (Designee on behalf of Chief Justice Leo Strine)
Mr. Jeff Taschner, Executive Director, Delaware State Education Association ("DSEA") (Appointee of the Governor)

Others in Attendance:

Director Faith Rentz, Statewide Benefits Office ("SBO"), DHR
Deputy Director Leighann Hinkle, SBO, DHR
Deputy Attorney General Andrew Kerber, Department of Justice, SEBC Legal Counsel
Deputy Secretary Molly Magarik, SEBC Designee for Secretary Walker
Deputy Principal Assistant Judi Schock, OMB
Mr. Kevin Fyock, Willis Towers Watson ("WTW")
Mr. Chris Giovannello, WTW
Ms. Jaclyn Iglesias, WTW
Ms. Rebecca Warnken, WTW
Ms. Victoria Brennan, Sr. Legislative Analyst, CGO, SEBC Designee for CG Morton
Ms. Christina Bryan, Delaware Healthcare Association
Ms. Rebecca Byrd, The Byrd Corp
Mr. Dave Craik, Pension Administrator, Pension Office, OMB
Ms. Nina Figueroa, Policy Advisor, SBO, DHR
Ms. Christie Gross, Stand Up for Fertility Delaware
Ms. Kim Hawkins, City of Dover
Ms. Katherine Impellizzeri, Aetna
Ms. Lisa Jaremka, Member of the Public
Ms. Kimberly Jarrell, Member of the Public
Ms. Lisa Mantenga, Highmark Delaware
Mr. Walt Mateja, IBM Watson Health
Ms. Lynette Maxwell, Help Desk Supervisor, Payroll Human Resource Statewide Technology, OMB
Ms. Mary Kate McLaughlin, Drinker Biddle
Ms. Jennifer Mossman, Highmark Delaware
Ms. Kathy Nerlinger, Sr. Benefits Specialist, University of Delaware
Mr. William Oberle, Delaware State Troopers Association
Mr. Mike Petrucci, Member of the Public
Dr. George Schreppler, Delaware Chiropractic Services Network
Ms. Susan Steward, Policy Analyst, OST
Ms. Martha Sturtevant, Executive Assistant, SBO, DHR
Ms. Emily Thomas, Fiscal & Policy Analyst, OMB
Mr. Drew Wilson, Morris James
Ms. Elizabeth Lewis Zubaca, Hamilton Goodman Partners

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CALLED TO ORDER

Dir. Jackson called the meeting to order at 2:00 p.m. and introductions were made.

APPROVAL OF MINUTES – DIRECTOR MICHAEL JACKSON

A MOTION was made by CG Michael Morton and seconded by Sec. Sandra Johnson to approve the minutes with noted corrections from December 10, 2018 SEBC meeting. (Spelling of Sec. Kara Odom Walker and Mr. Jeff Taschner, and adding Mr. Wayne Smith to the list of guests)

MOTION ADOPTED UNANIMOUSLY

DIRECTOR'S REPORT – DIRECTOR FAITH RENTZ

Conflict of Interest Statements

Dir. Rentz provided an update to the 10/22 discussion regarding the need for a Conflict of Interest (“COI”) statement for Subcommittee members that were registered lobbyists. During the 12/10 meeting, it was announced that SBO had executed those COI statements. As a follow up, SBO has worked with the DOJ and determined that because all remaining members are bound by the State Employees Code of Conduct, which prohibits lobbying or representation of third parties by state employees, it is not necessary for remaining members to sign a COI.

Healthcare Benchmark Quality Metrics

SBO worked with Sec. Walker to determine what quality metrics were available using the IBM database. Claims-based data is available on most key metrics: Emergency Department Utilization, Statin Therapy for Patients with Cardiovascular Disease and Persistence of Beta-blocker Treatment Following a Heart Attack for a 6 Month period as well as Members with Overlapping Benzodiazepine Prescriptions. Limited data is available on other metrics: Adult Obesity and Adult Tobacco Use. Reliable data is not available on metrics for Opioid Related Overdose Deaths or High School Student Physical Activity. SBO will continue to work with Dr. Walker and update the Committee on additional metrics as they become available. Progress is being made on a state level to improve reporting metrics on health management for members being managed by Highmark and Aetna, specifically on Adult Obesity and Adult Tobacco Use. Sec. Walker stated that claims-based data is easily available, whereas information on Adult Obesity, Opioid Related Overdose Deaths and Student Physical Activity are based on survey data. She queried alternative ways to track the remaining metrics.

Cost Landscape Discussion with Johns Hopkins

As a follow up to the Cost Landscape presentation and discussion with Johns Hopkins at the 12/10 meeting, the additional regional data on the risk adjusted variations and other regional comparisons to Delaware hospitals requested by the Committee, is anticipated to be available at the 2/25 meeting. SBO, SEBC co-chairs and Sec. Walker will utilize the information to discuss potential contract amendments for the 7/1/19 plan year with Group Health Insurance Plan (“GHIP”) vendors during the annual renewal period. Additionally, SBO is working with the Hopkins researchers to present the same analysis to the Health Policy & Planning (“HP&P”) & Financial Subcommittees on 1/24. Dir. Rentz noted that the Hopkins researchers summarized their presentation in a commentary published 1/11 in the Delaware State News.

Delaware Center for Health Innovation

The Delaware Center for Health Innovation (“DCHI”) Board & Stakeholder Open Meeting is scheduled for 2/13, from 1pm to 5pm at Duncan Center in Dover. SEBC and Subcommittee members are invited to attend to better understand the work of the DCHI.

Acquisitions of CVS and Express Scripts

Cigna acquired the State’s pharmacy benefit manager, Express Scripts on 12/20/18, and noted there are no changes to the State’s contract with Express Scripts.

Diamond State Port Corporation

After the Diamond State Port Corporation (“DSPC”) completed its lease to GulfTainer in October, SBO worked with the former DSPC employees to transition health care benefits. There are two (2) former employees that continue to be enrolled in a Point of Service Plan (“POS”) with Highmark and are the only participants in that Plan. The participants are in a direct pay arrangement with the State’s COBRA vendor. SBO will work to transition these individuals to another non-Medicare health plan for July 1, as SBO works with Highmark to discontinue the POS Plan.

Centers of Excellence Implementation

SBO and the DOJ are working with Delaware Health Information Network (“DHIN”) to complete the required inter-agency agreements in order to provide implementation data to SurgeryPlus. The data will be used to facilitate the plan design and to develop incentive strategies.

Aetna & Highmark – High Deductible Plans

The Proposal Review Committee (“PRC”) met on 1/10 to conduct interviews with Aetna & Highmark regarding their capabilities to administer a High Deductible Health Plan (“HDHP”) with a Health Savings Account (“HSA”). The PRC will meet again in February to conclude their recommendations before going to the HP&P Subcommittee for further consideration. The Subcommittee plans to make recommendations to the Committee in June.

SENATE BILL 139 (SB 139) – DIRECTOR FAITH RENTZ

Dir. Rentz reviewed current infertility coverage and coinsurance and highlighted what changes are proposed in SB 139 with Senate Amendment 1. The Committee previously reviewed estimated annual costs associated with the full adoption of SB 139 as it has been presented and heard public testimony, and feedback on the assumptions behind presented costs estimates. Dir. Rentz noted their concerns regarding age limits and a lack of funding required for the full adoption of the bill. The Committee requested to hear more from subject matter experts, and further evaluate coverage. It was recommended that this be reviewed at the Subcommittee level. The goal is to put forth a recommendation that supports best practices and addresses concerns regarding cost and funding. Mr. Taschner urged the Subcommittees to have a sense of urgency. Dir. Jackson added, but with due diligence.

Public Comment

Dir. Jackson called for public comment. Ms. Christie Gross thanked the Committee for its consideration of SB 139 and stated that many state employees are waiting for the changes to be made to infertility coverage in order to move forward financially, but added that the longer couples wait, the more expensive treatment becomes and the fewer treatment options that are available. Dir. Jackson stated that further consideration of SB 139 would be moved into the HP&P Subcommittee, and added that any approved changes could be adopted at any time and not only the beginning of the fiscal year.

FINANCIALS– MR. CHRIS GIOVANNELLO, WTW

November Fund Equity Report

The quarterly report reflected lower claims, higher income, and a fund surplus. Dir. Jackson clarified the report, noting that the budget was accurate and the surplus was not unexpected. Mr. Giovannello agreed that seasonal forecasting was accounted for and built into the budget. Ms. Warnken noted headcounts were also lower than projected which contributed to the surplus.

FY20 PLANNING – MS. REBECCA WARNKEN, MS. JACLYN IGLESIAS, and MR. CHRIS GIOVANNELLO, WTW

Long Term Projections FY19 Q1 Update

The long term claims projections are accurate through the end of September, and do not reflect data presented in the November Fund Equity Report. The report reflects revenues from premium contributions and other sources of revenue, against actual GHIP expenses from FY17 and FY18. WTW uses an aggressive 5% trend for FY20 and beyond. WTW assumes a 2% increase in annual premiums, equating to a \$.53 to \$5.47 per month increase to the employee depending on the plan, and a \$13.38-\$35.72 per month increase to the State. The FY19 projection also assumes the full use of the \$48mm surplus to offset the FY20 deficit resulting in a \$3.5mm surplus. Ms. Warnken stated that the report reflects consideration of the appropriate level of reserves and the appropriate use of surplus. Dir. Jackson clarified the highest premium increase across all plans is the Comprehensive Preferred Provider Organization (“PPO”) Family Plan at \$65.64 per year and the lowest annual increase of \$17.40 annually for the First State Basic Plan. He noted that any premium increase is spread across all 125K members. Treasurer Davis asked which plan had the highest enrollment. Ms. Warnken responded that approximately 60% of members are in the Comprehensive PPO Plan. Dir. Jackson noted that the percentage of increase paid by the State and by the member is established by DE Code and any change would require a vote by the General Assembly.

HP&P Subcommittee Recommendations for FY20

The Subcommittee proposed incentivizing telemedicine by implementing a zero copay and an aggressive increase in copay for hospital-based imaging and non-preferred lab services. Ms. Nestlerode asked how the committee came to the decision of zero copay versus low copay. Ms. Iglesias responded that the non-hospital copays are consistent with what members are paying today and the Subcommittee did not want to penalize members who have been utilizing preferred facilities. Mr. Taschner noted that previously, moderate increases to copays resulted in cost avoidance behavior only in year one. Ms. Iglesias noted that the Subcommittee felt strongly that changes be implemented in conjunction with an aggressive communication campaign so members understand the cost savings of using preferred facilities. Treasurer Davis requested that Primary Care Physicians be included as part of the communication campaign.

The Subcommittee also considered steerage opportunities regarding Highmark infusion therapy, used to treat autoimmune disorders, and rare esoteric diseases. Aetna offers an infusion therapy site of care program that assists members with appropriateness and best options for preferred locations. Highmark does not have the same program in place for members, but can make one available. The cost savings is potentially \$2mm. Ms. Nestlerode asked how many members utilized this therapy for Aetna. Mr. Giovannello responded that WTW would follow up with claim information for Aetna, but that Highmark had 388 claims over 67 members. Treasurer Davis queried if infusion therapy include chemotherapy. Ms. Iglesias replied that it did not.

The Subcommittee considered a remote diabetes prevention management program called Livongo that provides coaching and support for members diagnosed with Type 1 or Type 2 diabetes as identified through claim data. A robust reporting package would allow for continued evaluation of the success of the program. The Subcommittee recommended implementing through Aetna, Highmark, and Express Scripts (“ESI”) effective July 1. There are no out of pocket costs to members, and all supplies are provided. Ms. Nestlerode asked about duplication of services already provided. Mr. Giovannello responded that it is a complementary service to existing programs.

Financial Subcommittee Recommendations on the Reserve Methodology & Use of Surplus

The Subcommittee recommends no changes to the current methodology, and it should be evaluated annually. The Subcommittee recommends smoothing the surplus over two years to help with a gradual premium increase to the participants, rather than a sharp increase all in one year. Treasurer Davis asked if the interest earned was factored into the projections. Dir. Jackson responded that any interest earned is returned to the General Fund. Ms. Warnken noted that there is one more refresh of claims data available in Q2. Additionally, the pharmacy renewal has not yet been completed, and therefore has not been factored into the projections.

Reforecast of Long Term Projections Including Recommendations from the Subcommittees

Based on the recommendations to spread the projected FY19 surplus of \$48.1mm over two years, the 5% trend, and the recommended FY20 program changes, FY20 premiums will need to increase by 3.2% effective 7/1. The premium increase will bring \$26.6mm into the fund, the program changes are estimated at \$9.6mm, bringing the total FY20 surplus to \$24.1mm. Ms. Nestlerode noted that the highest premium increase would be for the Comprehensive PPO Family Plan for an increase of \$104.76 annually.

Updated financials to reflect claims data through the end of the calendar year will be available at the 2/11 meeting. Dir. Jackson stated that he would like more time for the Committee to review the updated financials, discuss program changes, and meet with the General Assembly. He queried how delaying the vote would impact implementation from an administrative perspective. Sec. Walker stated that she was ready to make a decision regarding program changes. Sec. Johnson agreed. Dir. Rentz recapped the timeline for Open Enrollment, noting 60 days are needed to prepare communications regarding plan design changes to participants. She recommended that if the Committee were not ready to make a decision on premium increases, that it would be least disruptive if the rates were published as they stand today, then members can be notified 60 days in advance of the effective date of any premium change and be provided the opportunity to make changes to their plan if needed. It would not require a full open enrollment. Mr. Taschner stated that he approved of the process and decision making of the Subcommittee and he was comfortable moving forward with the recommendations. Treasurer Davis added that if considering a HSA plan, she would like to have more information. Dir. Rentz responded clarifying the timeline, that a full 12 months would be required to implement a HSA Plan.

To solve for the projected deficits the Committee should decide on a framework of modest premium rate increases and meaningful program changes in order to manage the fund over a longer period. She encouraged the Committee to establish a process for managing the projected deficits, and offered an example of offsetting the deficit 50/50% between premium increases and program changes. Dir. Jackson added that plan pricing is another consideration for the framework and requested the HP&P Subcommittee give the framework further consideration.

OTHER BUSINESS

Dir. Jackson complemented Dir. Rentz on the makeup and progress of the Subcommittees. He added that the Subcommittees moved efficiently and in the right direction.

PUBLIC COMMENT

Mr. Mike Petrucci requested to speak in support of SB 139. He thanked the Committee for their work. He stated that infertility is a family issue not just a financial one. Dir. Jackson agreed, and stated that members are not just a line in the budget and he felt the Committee was moving forward with a sustainable plan

ADJOURNMENT

A MOTION was made by Sec. Johnson and seconded by CG Morton to adjourn the meeting at 3:32 p.m.
MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Martha Sturtevant, Statewide Benefits Office, Department of Human Resources
Recorder, Statewide Employee Benefits Committee