



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
JUNE 10, 2019**

The State Employee Benefits Committee (the “Committee”) held a meeting on June 10, 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
The Honorable Bethany Hall-Long, Lieutenant Governor, Office of the Lieutenant Governor
The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer (“OST”)
Secretary Kara Walker, Department of Health and Social Services (“DHSS”)
Ms. Ashley Tucker, Staff Attorney, Administrative Office of the Courts (Designee on behalf of Chief Justice Strine)
Mr. Stuart Snyder, Chief of Staff, Department of Insurance (Designee on behalf of Commissioner Navarro)
Mr. Jeff Taschner, Delaware State Education Association
Ms. Victoria Brennan, Sr. Legislative Analyst, Office of the Controller General (Designee on behalf of CG Michael Morton)

Committee Members Not Represented or Not in Attendance:

Secretary Sandra Johnson, Department of Human Resources (“DHR”), Co-Chair

Others in Attendance:

Senator Colin Bonini	Ms. Kimberly Jarrell, Member of the Public
Director Faith Rentz, Statewide Benefits Office (“SBO”), DHR	Mr. David Kleinot, Member of the Public
Deputy Director Leighann Hinkle, SBO, DHR	Ms. Kate Kleinot, Member of the Public
Deputy Attorney General, Andrew Kerber, Department of Justice, SEBC Legal Counsel	Ms. Meghan Lynch, Member of the Public
Mr. Kevin Fyock, Willis Towers Watson	Ms. Molly Magarik, Deputy Secretary, DHSS
Mr. Chris Giovannello, WTW	Ms. Miranda Mal, Member of the Public
Ms. Jaclyn Iglesias, WTW	Ms. Lisa Mantegna, Highmark Delaware
Ms. Rebecca Warnken, WTW	Mr. Walt Mateja, IBM Watson Health
Mr. Frank Andrews, Total Administrative Services Corporation (“TASC”)	Ms. Lynette Maxwell, PHRST, OMB
Ms. Jennifer Bredemeier, University of Delaware	Ms. Jennifer Mossman, Highmark Delaware
Ms. Ashley Bryan, Member of the Public	Mr. Bill Oberle, Delaware State Troopers Assoc.
Ms. Christina Bryan, DE Healthcare Association	Ms. Jean Pulinka, Member of the Public
Ms. Rebecca Byrd, The Byrd Corp	Ms. Pam Price, Highmark Delaware
Mr. Michael Chesney, Member of the Public	Ms. Nancie Robinson, Member of the Public
Ms. Julie Caynor, Aetna	Mr. Robert Rodriguez, IBM Watson Health
Ms. Jacqueline Faulcon, DE Retired School Personnel Assoc.	Ms. Carrie Schiavo, Delta Dental
Ms. Nina Figueroa, Health Policy Advisor, SBO, DHR	Mr. Aaron Schrader, HR Manager, SBO, DHR
Ms. Judy Grant, Health Advocate	Ms. Judi Schock, Deputy Principal Assistant, OMB
Ms. Christie Gross, Stand Up for Fertility	Dr. George Schreppler, DE Chiropractic Services Network
Ms. Kim Hawkins, City of Dover	Ms. Martha Sturtevant, Executive Assistant, SBO, DHR
Ms. Katherine Impellizzeri, Aetna	Ms. Emily Thomas, Fiscal & Policy Analyst, OMB
Ms. Lisa Jaremka, Member of the Public	Ms. Ashley Wilson, Member of the Public
	Ms. Lizzie Zubaca, Hamilton Goodman Partners

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

CALLED TO ORDER

Dir. Jackson called the meeting to order at 2:01 p.m. and introductions were made.

APPROVAL OF MINUTES – DIRECTOR MICHAEL JACKSON

A MOTION was made by Mr. Taschner and seconded by Sec. Walker to approve the minutes (with noted correction) from the May 6, 2019 State Employee Benefits Committee meeting.

MOTION ADOPTED UNANIMOUSLY

DIRECTOR’S REPORT – DIRECTOR FAITH RENTZ

2019 Open Enrollment Final Stats

Final statistics for 2019 Open Enrollment (“OE”) will be distributed to agencies and school districts the week of July 1, 2019. Utilization of the myBenefitsMentor consumer decision tool was 22%, up from 20% in 2018.

Preliminary reports estimate active OE participation at 83%, up from 82% in 2018. SBO is seeking input from agencies and schools who were successful in engaging their employees in the OE process, and/or to view the 2019 Highlights video.

The week of June 17, 2019 SBO will send HR/Benefit Representatives and Employees a survey to collect their feedback on their OE experience. Results will be shared with the Committee.

Post Open Enrollment/Communications

SBO will be drafting an email to be sent on the Committee’s behalf, to thank employees for their active participation and to highlight program changes going into effect the for the FY20 plan year.

SBO will send employees a custom video link that is specific to their health plan. The video provides members with personalized plan information, as well as a review of additional services and benefits.

SBO will host a vendor summit in mid-July. Vendors will meet to exchange information on services being offered to GHIP members in order to facilitate better coordination, communication and promotion of health benefits to members.

FY20 Contract Renewals

Express Scripts and Highmark amendments are complete. SurgeryPlus and Aetna amendments will be completed by the end of June. SBO remains in ongoing discussions with vendors regarding Value Based Contracting, including metrics for engagement, quality, care management, monitoring the impact of primary care network changes, and enhancements in monitoring mental health/behavioral health utilization.

Upcoming SEBC & Subcommittee Topics

Dir. Rentz distributed a list of proposed focus items for consideration and discussion in the second half of 2019.

Hospital Quality & Safety

SBO continues to work on the addition of a web page to promote hospital quality and safety information. Two articles were distributed to the Committee. Each included comments from Wayne Smith from the Delaware Healthcare Association.

- <https://www.delawarepublic.org/post/delaware-has-best-hospitals-according-us-news-and-world-report>
- <https://www.nbcphiladelphia.com/news/local/Local-Hospital-Rankings-2019-Leapfrog-Group-510226151.html>

Additionally, SBO has recently sent letters to Delaware hospitals not currently participating in the Leap Frog study to request their consideration of this important study.

Quest/LabCorp Data Breach

A third party collections firm, AMCA (American Medical Collection Agency) has announced that an unauthorized actor had access to their systems from August 2018 to March 2019, and that the data breach potentially exposed patients' personal, financial and billing information. AMCA has reported approximately 11.9M Quest members and 7.7M LabCorp members have been impacted. Only GHIP members who had delinquent accounts were forwarded to AMCA for collections. SBO will provide updates as they become available.

Design Thinking Academy Charter School

Design Thinking Academy Charter School is closing. SBO is working with Design Thinking Academy Charter School and PHRST to close out health benefits for the 45 employees impacted by the closure no later than June 28.

Dir. Jackson stated that communications from SBO have resulted in a more informed population, noting progress in this year's Open Enrollment participation, as well as the improved claims over the last 24 months.

APRIL FUND REPORT – MR. CHRIS GIOVANNELLO, WTW

April revenues were on budget. There was a Q2 Coverage Gap Discount of \$4.2M received. Claims came in \$5M below budget, bringing the year-to-date total to 2.43% below budget. There was a \$2.9M net income bringing the balance of the fund to \$161.3M, and the year-to-date variance to budget of \$20.6M.

FY20 HEALTH PLAN PREMIUM RECOMMENDATIONS – MS. REBECCA WARNKEN, WTW

As of Q3 the budget is projected to end FY19 with a surplus of \$60.1M.

A 2% increase provides \$16.5M in premium revenue (\$14.9M State share and \$1.6M employee share) and projects a FY20 surplus of \$52.1M and a FY21 surplus of \$16.3M (as a percent of pay for employees making \$25K, 2% increase equals 0.03%-0.26%).

A 1% increase provides \$8.3M in premium revenue (\$7.5M State share and 0.8M employee share) and projects a FY20 surplus of \$43.9M and a FY21 deficit of \$8.8M (as a percent of pay for employees making \$25K, 1% increase equals .01%-.13%).

No premium rate increase projects a FY20 surplus of \$35.6M and a FY21 deficit of \$33.7M.

The Financial Subcommittee discussed the compounding effect of delaying premium rate increases. A modest increase below projected trend of 5% will account for the projected increase in retiring state employees as well as the increased cost and utilization of specialty pharmacy. However, holding premium rates flat in FY20 will support the 2 year smoothing recommendation of the Financial Subcommittee. Therefore, on June 6, 2019 the Financial Subcommittee recommended a wait-and-see approach to be based on updated experience through FY19 Q4. It was also recommended that any potential rate increase be communicated with dollar amounts rather than percentages.

Mr. Taschner requested a revised assessment of excise tax exposure. Ms. Warnken responded WTW refreshes the calculation annually and will provide an update.

Dir. Jackson stated that in conversations with the Joint Finance Committee, there is an understanding that the planning model for FY21 will likely include a premium rate increase. However, there is not funding appropriated in the FY20 budget for a modest premium rate increase. It is his recommendation to hold premiums constant and continue to monitor the budget through year end.

Treasurer Davis stated that OST consultants point to a likely recession, and her reservation is that delaying a rate increases may result in employees being impacted with both a recession and a rate increase. Dir. Jackson

responded that the timing for an increase will never be perfect, and added that the Governor has set aside unappropriated funds in the event of a recession.

FERTILITY CARE/IVF BENEFIT DESIGN RECOMMENDATIONS – DIRECTOR RENTZ

Dir. Jackson provided an update on the availability of funding. He stated that FY20 Budget Bill includes a provision to support the recommended changes to infertility benefits, should there be a negative impact to the fund, and is contingent upon all provisions of the Budget Bill passing. The FY20 planning model will be revisited to include a sustainable source of funding for the increase in benefits.

Dir. Rentz reviewed the Health Policy & Planning (“HP&P”) Subcommittee recommendations for the Committee’s consideration. The Subcommittee is in favor of adopting SB 139 with the exception of removing the lifetime limit, including; the \$10K medical only infertility benefit be increased to \$30K, remove the 25% coinsurance, provide coverage for iatrogenic infertility care, and for cryopreservation and thawing of eggs, sperm and embryos, a lifetime limit of up to 6 completed egg retrievals, with unlimited embryo transfers using Single Embryo Transfers, Ovulation induction (“OI”) should be limited to no more than 3 cycles before In Vitro Fertilization (“IVF”), and OI/ Intrauterine Insemination (“IUI”) should be removed as a prerequisite to IVF where medically appropriate, and the maximum age for IVF transfer should be increased to 49.

Additionally, it was recommended that the Committee consider coverage for embryo biopsy and testing. Embryo testing is not currently covered, and is not included in SB 139.

For FY20 and beyond, the Subcommittee recommended monitoring benefit utilization biannually and compare with historic utilization to better estimate costs. It is recommended that the Committee explore a Request for Proposal (“RFP”) to bundle infertility services through a third-party administrator, and to re-contract infertility related prescription services. It is also recommended that infertility related diagnostic testing be applied under the standard medical benefit prior to a diagnosis of infertility, so as not to be applied toward lifetime limit. SBO has had conversations with both Aetna and Highmark on how to exclude select services from the lifetime limit.

Dir. Jackson called for related public comment.

PUBLIC COMMENT

Ms. Jaremka is a State employee in support of expanded infertility benefits. She stated that medical intervention is often the only way for those diagnosed with infertility to have a family. She noted the advocacy efforts of State employees, and added that voting to expand infertility will be life changing for those impacted.

Mr. Michael Chesney is a State employee in support of expanding infertility coverage in the GHIP. He stated that he and his wife have been diagnosed with unexplained infertility. Although their doctor recommends IVF as the best course of treatment, they have been required to use up their lifetime maximum benefits on unsuccessful rounds of IUI. He asked for the support of the Committee to expand benefits as proposed.

Ms. Christie Gross represents Stand Up for Fertility. She stated that with the passing of SB 139, Delaware has become the model for best practices. Her advocacy focuses on the goal of creating access to the most effective treatments while supporting the most effective spend.

A MOTION was made by Sec. Walker and seconded by Mr. Taschner to accept the recommendations of the Health Policy & Planning Subcommittee to expand the GHIP infertility benefits as proposed, including next steps, and contingent upon the passage of all provisions of the FY20 Budget Bill, for an effective date of August 1, 2019.

MOTION ADOPTED – 7 votes in favor, 1 against (Ms. Ashley Tucker on behalf of Chief Leo Strine)

FSA/COBRA/PTC REQUEST FOR PROPOSAL – MS. JACLYN IGLESIAS, WTW

To achieve administrative efficiency through one vendor and one contract, a combined RFP was assigned to a Proposal Review Committee (“PRC”) to evaluate vendors for the State’s Flexible Spending Accounts (“FSA”), Pre-Tax Commuter (“PTC”), and Consolidated Omnibus Budget Reconciliation Act (“COBRA”) Plan. There were nine bidders, and three finalists; ASIFlex, TASC, and WageWorks. The incumbent administrator for the FSA and PTC is ASIFlex, and the incumbent administrator for the State’s COBRA Plan is WageWorks.

The goal of the PRC was to address the challenges of administering these programs. The first goal is to align the FSA program with the State’s medical plan year; requiring a six month plan year for the period beginning January 1, 2020 and ending June 30, 2020 prior to the change. The second goal is to continue to ensure secure access to COBRA participants by Benefit Representatives. Finally, to provide reporting components as well as automate the administration of COBRA.

The PRC voted to award the contract to ASIFlex based upon the vendor’s experience, customer service, and account management support. Additionally, the fee quote provided savings relative to current administrative fees, and ASIFlex received the highest score from the PRC.

Dir. Jackson asked for related public comment.

Mr. Frank Andrews, representing TASC, stated that he was disappointed, but understands the value in the continuity of service.

A MOTION was made by Sec. Walker and seconded by Ms. Tucker to accept the PRC recommendation to award the contract to ASIFlex for a three and one half years year term effective January 1, 2020 through June 30, 2023, with two optional one-year renewal periods, as well as to align the plan year of the FSA and PTC programs with the State’s fiscal year, and prior to the change, requiring a six month plan year for the period beginning January 1, 2020 and ending June 30, 2020.

MOTION ADOPTED UNANIMOUSLY

SURGERYPLUS – MS. JACLYN IGLESIAS, WTW

A Center of Excellence (“COE”) is a medical facility and/or professional that has been identified as delivering high quality services and superior outcomes for specific procedures or conditions. Encouraging greater use of COEs is part of the Strategic Framework as a way to lower the total cost of care for the GHIP and plan participants while improving health outcomes.

Access to COEs are available through Highmark and Aetna for a limited scope of services. Some travel provisions are provided and members pay out-of-pocket expenses according to their plan.

A RFP was issued in March 2018 to evaluate third-party administrators of COE services to reduce the total cost of care, provide members with access to providers providing a higher quality of service while minimizing disruption to members going outside of their plan, and to incentivize providers who deliver higher quality care at a lower cost. The PRC recommended SurgeryPlus, and the Committee voted to adopt the recommendation on October 22, 2018.

The HP&P Subcommittee worked with SurgeryPlus to develop a program design, communication and engagement strategy, incentive plan, and scope of covered services.

SurgeryPlus includes an increase in the breadth of types of procedures currently available. While the SurgeryPlus network is primarily outside of Delaware (Philadelphia, New Jersey and Greater DC areas), they have placed

patients with Delaware providers in bariatrics and orthopedics under single case agreements, and are committed to adding to their Delaware network through a stringent Physician and Facility credentialing process.

Travel concierge benefits are robust. Additionally, member out-of-pocket expenses will be waived, and the proposed incentive design provides members with an incentive of \$500 to \$4K, which varies based on the extensiveness of procedure. Additionally, eligibility files are being established so that SurgeryPlus may proactively outreach to members who have been identified as possible candidates.

Dir. Jackson clarified that participation in the program is voluntary, and that the member would receive travel assistance and reimbursement in addition to the monetary incentive. Ms. Iglesias confirmed and added that additionally the tax reporting would be handled by SurgeryPlus.

Ms. Tucker queried whether there was a cap to incentives received. Ms. Iglesias responded that required timing between procedures is being considered, but there are no plans to cap participation or incentives.

Treasurer Davis asked to clarify that emergent procedures would not receive an incentive. Ms. Iglesias confirmed there would not be a reimbursement for emergent procedures.

There has been member communication regarding the July launch on the SBO website, and SurgeryPlus was present during all health and education fairs and Benefits Representative meetings.

All benefit eligible employees will receive an ID card for SurgeryPlus. Members who chose to participate in the program will be assigned a Care Advocate to guide them through the process. If the member has a surgeon in mind, the advocate will work to evaluate and approve, or make an alternate recommendation. Support will be provided for travel arrangements, transfer of medical records, scheduling consults, testing, surgical procedure and follow-up.

Financial projections have built in a savings of \$0.5M. A revised estimate based on the expanded list of procedures and tiered incentive design, and GHIP claim data suggests a savings of \$2.7M based on a 10% average first-year utilization. Dir. Jackson stated that it will take time to build up member participation and suggested leaving the \$0.5M savings assumption in the projections and adjust going forward.

Lt. Gov. inquired about the liability of accident or injury during SurgeryPlus travel. Ms. Iglesias responded that she will confirm. Mr. Kerber added that whoever is negligent is liable.

A MOTION was made by Sec. Walker and seconded by Mr. Taschner to accept the SurgeryPlus plan design as recommended by the Proposal Review Committee.

MOTION ADOPTED – 7 votes in favor, 1 abstention (Ms. Ashley Tucker on behalf of Chief Justice Strine)

Dir. Jackson called for a vote on premium rate increases.

A MOTION was made by Mr. Taschner and seconded by Sec. Walker to maintain premium rates.

MOTION ADOPTED UNANIMOUSLY

HEALTH SAVINGS ACCOUNT RECOMMENDATIONS – MR. KEVIN FYOCK

The PRC recommended the HP&P and Financial Subcommittees evaluate the overall GHIP plan offerings with the goal of adding a Health Savings Account (“HSA”) plan including: develop a proposed plan design and premium rates for a HSA, evaluate the continuity of the CDH Gold Plan and address existing account balances, evaluate the scope of member education, determine what vendor is best fit to administer a HSA plan, and ultimately propose whether or not to offer a HSA in the GHIP.

A HSA allows members to save for future medical expenses, is portable, and the employee retains all access to funds regardless of employment.

Those who tend to enroll are younger and healthier, more likely to engage in consumerism, and are more interested in the tax-advantages and investment features of these plans. Approximately one-third of the GHIP are millennials, and they make up 57% of new hires (2014-2018). A portable, low contribution health savings account can be a recruiting tool for millennials.

A HSA fits into the Strategic framework goal of providing quality care at an affordable cost that encourages healthy lifestyles and engaged consumers.

Considerations for implementation were presented. SBO will require at least 12 months for implementation and may require additional resources to support operations, communications, and training. There is a need for frequent and ongoing education and communications, both pre/post implementation. An HSA plan should be offered alongside a decision support tool (e.g. myBenefitsMentor).

Dir. Jackson stated that State compensation is designed to promote longevity, and he queried whether a HSA plan supports employee retention. Mr. Fyock responded that it is attractive as a savings vehicle, and while a HSA is portable, it does not encourage attrition.

The Committee discussed the benefits of a HSA; offering an alternative to a higher premium plan with the option to save now for future healthcare needs is a benefit, a HSA can be utilized to pay for medical expenses not currently covered by the GHIP plans (example braces), the structure of the HSA will be pivotal to employee participation in the plan, employer matches and incentives can be offered, seniors can build up account for medical expenses, unused funds roll over, and a HSA offers investment option.

As proposed, the HSA would freeze and defund the CDH Gold. The CDH Gold Plan would be frozen to new enrollment, but retained as an option for existing participants to draw down remaining Health Reimbursement ("HRA") funds. HRA funding would be frozen.

WTW recommends a HSA design Scenario 1. There is Relative Benefit Value ("RBV") of 0.89, and a meaningful difference from the CDH Gold Plan (0.96 RBV). Scenario 1 aligns with peer benchmarks.

Dir. Jackson stated that CDH Gold Plan is a small fraction of the GHIP (6% enrollment). He questioned whether a HSA would yield a higher plan enrollment than the existing HRA. Additionally, he queried whether the structure was in place to effectively promote and support a HSA plan, and that it could cost more to implement than it would save.

Members discussed the challenges of offering a HSA plan; currently 22% of employees utilized the myBenefitsMentor tool, prescription coverage applies only after the deductible is met, the existing bandwidth does not align with the goals and scope of the Committee as implementation would consume limited resources for other planned initiatives.

Dir. Jackson queried the savings and impact to the State if there was a greater level of migration into the existing CDH Gold Plan. He suggested promoting the existing plan may be a better use of resources.

There was consensus to table a vote, and the Committee agreed that there was no urgency to offering a HSA plan.

Sec Walker stated that attrition models predict a shortage of employees in the near future and she would like to see a HSA option made available as a recruitment tool. She suggested a focus group of CDH Gold members may be effective. She also noted there is likely room for a larger differential in premiums.

Lt. Governor Hall-Long departed.

Mr. Taschner suggested that myBenefitsMentor become part of the hiring process. He inquired if demographics were available on those who utilized the decision tool. Dir. Rentz responded that SBO will work with IBM Watson to see what reporting metrics are available.

OTHER BUSINESS

Mr. Oberle questioned whether freezing the CDH Gold Plan would increase migration to higher cost plans. He added that the work of the Subcommittee was challenging, members were split and there was no clear consensus.

Sen. Bonini added that immediate incentives can be an effective steerage tool and do not have to be significant. He also asked to support the implementation of an employee pay loan alternative to payday lending. Dir. Jackson responded that there will be further discussion when the Committee meets in July.

ADJOURNMENT

A MOTION was made by Ms. Brennan and seconded by Treasurer Davis to adjourn the meeting at 4:21 p.m.
MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

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