



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
JANUARY 13, 2020**

The State Employee Benefits Committee (the “Committee”) held a meeting on January 13, 2020 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 Colleen Davis, State Treasurer, Office of the State Treasurer
- The Honorable Bethany Hall-Long, Lieutenant Governor
- The Honorable Trinidad Navarro, Insurance Commissioner Department of Insurance
- Secretary Kara Walker, Department of Health and Social Services
- Controller General Mike Morton, Office of the Controller General
- Mr. Jeff Taschner, Executive Director, Delaware State Education Association (Appointee of the Governor)
- Ms. Ashley Tucker, Staff Attorney, Administrative Office of the Courts (Designee OBO Chief Justice Collins Seitz)

Committee Members Not Represented or in Attendance:

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

Others in Attendance:

- Director Faith Rentz, Statewide Benefits Office (“SBO”), DHR
- Deputy Director Leighann Hinkle, SBO, DHR
- Deputy Attorney General, Andrew Kerber, Dept. of Justice, SEBC Legal Counsel
- Mr. Kevin Fyock, Willis Towers Watson (“WTW”)
- Mr. Chris Giovannello, WTW
- Ms. Jaclyn Iglesias, WTW
- Ms. Joanna Adams, Administrator, Office of Pensions
- Ms. Rebecca Byrd, The Byrd Group
- Ms. Julie Caynor, Aetna
- Ms. Cherie Dodge Biron, Controller, DHR
- Mr. Jack Freebery, Delaware Retired School Personnel Assoc.
- Ms. Judy Grant, Health Advocate
- Ms. Julie Greenwood, University of DE
- Mr. Adam Knox, Highmark Delaware
- Ms. Mary Kate McLaughlin, Drinker Biddle & Reath
- Ms. Lisa Mantegna, Highmark Delaware
- Mr. Walt Mateja, IBM Watson Health
- Ms. Emily Molinaro, Fiscal & Policy Analyst, OMB
- Ms. Jennifer Mossman, Highmark Delaware
- Ms. Kathy Nerlinger, University of DE
- Mr. William Oberle, Delaware State Troopers Assoc.
- Ms. Crystal Phillips, PHRST
- Ms. Pam Price, Highmark Delaware
- Mr. Robert Rodriguez, IBM Watson Health
- Dr. George Schreppler, DE Chiropractic Services Network
- Ms. Judi Schock, Deputy Principal Assistant, OMB
- Ms. Christine Schultz, Parkowski, Guerke & Swayze
- Mr. Wayne Smith, Delaware Healthcare Assoc.
- Ms. Martha Sturtevant, Executive Assistant, SBO, DHR

CALLED TO ORDER

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

APPROVAL OF MINUTES – DIRECTOR JACKSON

A MOTION was made by CG Morton and seconded by Secretary Walker to approve the minutes from the December 16, 2019 meeting of the State Employee Benefits Committee.

MOTION ADOPTED UNANIMOUSLY

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

DIRECTOR'S REPORT – DIRECTOR FAITH RENTZSubcommittee Updates

The Financial Subcommittee did not meet the month of January.

The Health Policy & Planning Subcommittee (“HP&P”) met to hear presentations from American Well and Cerner related to alternative primary care options. Topics for the HP&P to consider in Q1 include reviewing feedback from the Proposal Review Committee regarding next steps for the Fertility Administrative Services Request for Proposal (“RFP”). HP&P will also consider changes to the GHIP Eligibility and Enrollment Rules in order to bring a recommendation before the Committee for an effective date of July 1, 2020.

SBO Updates

SBO continues to work with both Medicaid and the Division of Public Health on the design of a non-opioid management pilot program. The target date for the pilot has been postponed pending further clarification on cost and participant eligibility requirements.

The Employee Assistance Program RFP opened on January 6, 2020. Bids are due February 5, 2020 with a contract effective date of July 1, 2020.

Treasurer Davis arrived.

Affordable Care Act

The Further Consolidated Appropriations Act was signed into law on December 20, 2019 by President Trump, repealing the 40% Excise Tax on high-cost group health plans (i.e. Cadillac Tax), medical device tax, and health insurance issuer tax. The repeal on the health insurance issuers tax will be effective in calendar years beginning after 2020. The new law extends the Patient-Centered Outcomes Research Institute (PCORI) fee until 2029.

The State received an Employer Shared Responsibility Penalty for CY17 in the amount of \$57,347. SBO is reviewing the penalty and will either remit payment or refute the penalty (in whole or in part) by January 20, 2020. SBO will work with Financial Services to invoice organizations whose employees worked full-time and were assessed the penalty.

The IRS did not finalize reporting for 1095B Forms until mid-December, therefore PeopleSoft will not be providing clients (i.e. the State and PHRST) with the system updates needed for reporting until January 24, 2020. The IRS extended the filing deadline and delivery of forms to employees from January 30 to March 2, 2020.

Legislative/Policy Updates

As a result of two House Concurrent Resolutions, SBO continues to work on several work/study groups to address State-level prescription drug purchasing and pharmacy reimbursement practices. Both workgroups are drafting reports/recommendations that are expected to be finalized by the end of January, unless the report deadlines are extended.

SBO continues to serve on the Primary Care Collaborative which will continue to meet and provide annual reports to the Legislature.

Additionally, SBO is participating on a post-employment/retirement benefits study group that is re-evaluating the State's unfunded liability for retiree healthcare benefits. Under the executive order, a report is due to the Delaware Economic and Financial Advisory Council (“DEFAC”) in March. The report is being drafted.

Dependent Care Flexible Spending Accounts

SBO conducted a Nondiscrimination Test in December of the Flexible Spending Account Dependent Care Benefits. Based on the most recent enrollment data, it was determined that the Plan is not in compliance with IRS regulations.

As a result, letters will be sent to highly compensated employees informing them that adjustments must be made to their dependent health care deductions in order to be compliant. SBO will re-test in March to ensure compliance.

Handouts

A copy of an article written by Wayne Smith, President & CEO of Delaware Healthcare Association (“DHA”) was shared with the Committee as published in the Delaware Journal of Public Health. The article addresses moving to value-based care and supporting Primary Care Physicians long-term. DHA has extended the offer to discuss further if the Committee has an interest in learning more about these efforts.

FINANCIALS

November Fund Report- Mr. Chris Giovannello

Other Revenues include rebate payments of \$10.8M (Commercial) and \$7.2M (EGWP), and Medicare Part D Coverage Gap Discount Payment of \$4.2M.

Medical and Pharmacy claims were higher relative to the seasonally adjusted budget. The Fund expenses are \$11.4M, or 3%, in excess of the budget through November.

There was a net income of \$16.4M, bringing the Fund balance to \$169M, or \$11.7M under budget as of November 30, 2019.

Dir. Jackson noted that prescription costs are higher than projected and queried what factors were contributing to higher spend, and if trend assumptions are too liberal. Mr. Giovannello responded that it is too early to determine contributing factors, but relative to budget a 5% composite trend impacts pharmacy more than medical; historically pharmacy trends 9-10% and medical trends 4-5%. He offered that the budget could be adjusted to still average 5% but adjust to lower medical and increase pharmacy trend.

Dir. Jackson queried whether the budget incorporated the renegotiated contract savings with Express Scripts. Mr. Giovannello responded that the budget includes contract discounts, but the larger savings was built into the budget under Rebates.

The Committee discussed the timing and availability of reporting that would help determine the need for an adjustment to the trend assumptions; the Committee requested pricing and utilization data and incurred reporting on pharmaceutical spend. The Committee would like to consider the Reserve Policy that will be revised in the spring.

As a result of recent claims experience, adjustments will be made to the premium rate increase recommendations.

SBO & GHIP STRATEGIC FRAMEWORK UPDATES & REVISIONS

SBO Strategic Framework, Director Rentz, SBO, DHR

The SBO training and education team is fully staffed, including two new positions created through the budget process: a new Trainer/Educator III, and Training Administrator II. The team will lead the strategic planning efforts for SBO as well as Open Enrollment.

SBO is focused on furthering the work of the Committee and the GHIP, as well as DHR initiatives. Training efforts will be directed to HR Benefit Representatives on the administration of Disability Insurance and Return to Work Programs. SBO will update procedures and policies in advance of the Disability Administrator’s rollout of a new technology platform the second half of the year.

SBO continues to work with DHSS on reporting required by House Bill 203 around the utilization and cost burden of diabetes.

SBO will engage agency and school leadership in an annual review of their healthcare score card; agency specific utilization and demographic information will be benchmarked against the State average.

SBO and PHRST are working on potential enhancements related to benefit enrollment options that will integrate with PeopleSoft. Enhancements could be available as early as Open Enrollment 2021.

SBO met with WTW to map out tactics and goals related to the GHIP Strategic Framework. SBO is tracking metrics and measuring progress. Findings for CY2019 will be presented to the Committee in the next several months.

GHIP Strategic Framework – Mr. Kevin Fyock, WTW

Goals, strategies and tactics of the draft Strategic Framework were revised based on feedback received at the November meeting and offered for the Committee's consideration.

Revisions were focused on value-based care, movement toward the Alternative Payment Model ("APM") Framework and targeting consumerism toward the changing GHIP demographics.

The first goal was revised as follows: the GHIP will use the APM framework and FY21 medical spend as a baseline and increase GHIP spend through Category 3 and Category 4 to 30% of total spend by end of FY23.

Treasurer Davis requested specific metrics to evaluate the provider marketplace. Ms. Iglesias responded that proposed metrics will be discussed at a later meeting.

Sec. Walker requested that goals for Category 3 & 4 be bifurcated; she suggested Category 4 at 10% and Category 3 at 40%. She cautioned that benchmarking statewide claims data outside of Medicare and Medicaid will be a challenge as not all employers are data sharing.

Mr. Fyock queried whether the Committee had interest in setting goals higher than 30% of total spend. The GHIP is expected to be just under 20% of total spend in Category 3 and 4 for the FY21 baseline year, with Category 3 being more attainable. Setting a goal of 30% is aggressive, but 40% should be considered.

The second goal was revised as follows: a reduction of GHIP diabetic cost PMPM by 8% by the end of FY23. To support this goal the GHIP will continue to leverage vendor and community diabetes prevention programs, and encourage member awareness and use of self-care resources and lifestyle risk reduction programs.

Sec. Walker queried whether 8% was ambitious enough and asked what percent was currently calculated for the savings assumptions. Ms. Iglesias will follow up.

The third goal was revised as follows: limit the total cost of care inflation for GHIP at a level commensurate with the Health Care Spending Benchmark by end of FY23 by focusing on outpatient and inpatient facility costs and pharmaceutical costs. To support this goal the GHIP should continue to manage healthcare vendors and promote benefit coverage provisions.

Sec. Walker offered that unnecessary utilization should be added as an area of focus. She recommended adding SurgeryPlus under Tactics for this goal.

The fourth goal was revised as follows: increase unique users utilizing a member engagement tool by 5% per year in order to ensure that members understand the meaningful differences in Plans.

Sec. Walker asked if the engagement tool was specific to the myBenefitsMentor tool. Ms. Iglesias responded that the goal was developed with the myBenefitsMentor tool in mind, but that the SEBC has the option to consider other engagement tools.

Sec. Walker queried whether 5% was the right target, and whether engagement should be required. Dir. Rentz responded that there was concern over mandating the use of a consumer decision tool; there are limitations regarding the access of retirees and participating groups, and administratively the tool cannot be integrated into the benefits platform.

Dir. Rentz suggested that priority be given to new hires. SBO continues to build awareness.

Dir. Jackson noted that guidance was provided in the language of the budget bill and HR representatives could provide valuable feedback.

Members discussed ways to improve engagement. Educating participants on the value of the tool is a priority. Supporting employees with a designated time during the work day to utilize the tool may improve engagement. Using an Influencer can help to make large-scale changes.

EVALUATING PROVIDER CAPABILITIES IN DELAWARE REQUEST FOR INFORMATION

The GHIP Strategic Framework has several goals to reduce the total cost of care. A primary area of influence on total spend is in provider/payer management. The SEBC has engaged vendors in discussions about plans to expand value-based contracts.

WTW recommended the Committee consider issuing an RFI for health care stakeholders to gather best practices, to better understand the provider market and its interest in moving toward advanced categories of the APM framework and to identify providers that could operate as standalone solutions. The RFI could be used to shape the development of the medical TPA RFP in Q3 FY21.

Potential RFI topics were reviewed.

Mr. Taschner queried whether the RFI would be open to providers outside of those in Delaware. Mr. Fyock responded that the intention is to have everyone in the provider market participate with the potential to spur additional partnerships.

Sec. Walker stated that the timing of the RFI complements information being gathered on direct contracting with Medicare and Medicaid ACL arrangements, and that providers considering an arrangement with Medicare may be open to scaling for State employees.

The Committee tabled a vote on the revised components of the Strategic Framework pending incorporation of additional feedback.

A MOTION was made by Mr. Taschner and seconded by Sec. Walker to allow the Benefits Office to move forward with the development and advertising for a Request for Information to assess provider and stakeholder readiness with regards to moving toward more value-based programs and services.

MOTION ADOPTED UNANIMOUSLY

2020 OPEN ENROLLMENT PLANNING

Open Enrollment (“OE”) will run from Monday, May 4 to Wednesday, May 20, 2020, with corrections up until Friday, May 29.

In response to feedback received after 2019 OE, SBO will provide an online training curriculum in lieu of onsite training. Training will be assigned to HR staff on April 6, 2020 and be tracked through the Delaware Learning Center.

Benefit-eligible employees will be encouraged to complete three online training courses offered in lieu of education sessions beginning in early April; each training is no more than 10-12 minutes in length. Training will be tracked in the Delaware Learning Center. Training will include what is new or changing this year, how to compare the four health plans and the use of available tools, understanding the cost benefits of utilizing preferred sites of care, and more.

OE instructions have been streamlined to three steps. Step one: log-in to Employee Self-Service and make an election for health, vision, and dental coverage. Step two: complete the Spousal Coordination of Benefits Form if covering a spouse. Step three: consider additional benefits (e.g. Flexible Spending Accounts, supplemental benefits, and Group Universal Life insurance).

SBO will outreach to agencies/organizations with reports on participation twice during OE. SBO will reduce the amount of email and postcards. SBO will further examine non-completers for opportunities for targeted outreach.

SBO will partner with other State agencies to make the health fairs more robust (e.g. free screenings, health classes). One health fair will be held in each county and each will run a full-day into evening hours.

SBO is working on draft policy for review and consideration by DHR Secretary Johnson that would provide a consistent approach for agency leadership to allow employees to attend health fairs and complete the training curriculum during the work day.

Lt. Gov. Hall-Long queried whether a phone app for benefits had been developed. Dir. Rentz responded that an app is not yet available but SBO is moving closer to that ultimate goal.

OTHER BUSINESS

No new business.

PUBLIC COMMENT

No public comment.

EXECUTIVE SESSION

A MOTION was made by CG Morton and seconded by Lt. Gov. Hall-Long to move into Executive Session at 3:23 p.m. to discuss a Short-Term Disability appeal.

MOTION ADOPTED UNANIMOUSLY

CALL TO ORDER

Dir. Jackson called the public meeting back to order at 3:54 p.m.

ADJOURNMENT

A MOTION was made by CG Morton and seconded by Secretary Walker to adjourn the meeting at 3:54 p.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

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