



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
MARCH 9, 2020**

The State Employee Benefits Committee (the “Committee”) held a meeting on March 9, 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:

- Secretary Sandra Johnson, Department of Human Resources (“DHR”), Co-Chair
- The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer
- The Honorable Bethany Hall-Long, Lieutenant Governor, Office of the Lt. Governor
- The Honorable Trinidad Navarro, Insurance Commissioner, Department of Insurance
- Ms. Amy Bonner, Deputy Dir., Office of Management & Budget (“OMB”), (Designee OBO Dir. Michael Jackson, Co-Chair)
- Mr. Steve Costantino, Dir. Of Health Care Reform, Dept. of Health and Social Services (Designee OBO Secretary Kara Walker)
- 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)

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”)
- Ms. Rebecca Warnken, WTW
- Ms. Joanna Adams, Administrator, Office of Pensions
- Ms. Jennifer Bredemeier, University of Delaware
- Ms. Christina Bryan, DE Healthcare Assoc.
- Ms. Cherie Dodge Biron, Controller, DHR
- Mr. Hugh Ferguson, DE Ret. School Personnel Assoc.
- Mr. Jack Freebery, DE Ret. School Personnel Assoc.
- Ms. Judy Grant, Health Advocate
- Ms. Kim Hawkins, City of Dover
- Ms. Tina Hession, PHRST
- Dr. Reba Hollingsworth, DE Heritage Commission
- Ms. Katherine Impellizzeri, Aetna
- Mr. Russ Larson, ByrdGomes Group
- Mr. Walt Mateja, IBM Watson Health
- Ms. Emily Molinaro, Fiscal & Policy Analyst, OMB
- Ms. Jennifer Mossman, Highmark Delaware
- Ms. Kathy Nerlinger, University of Delaware
- Ms. Pam Price, Highmark Delaware
- Ms. Paula Roy, DE Chiropractic Services Network
- Dr. George Schreppler, DE Chiropractic Services Network
- Ms. Carrie Schiavo, Delta Dental
- Ms. Judi Schock, Deputy Principal Assistant, OMB
- Ms. Christine Schultz, Parkowski, Guerke, & Swayze
- Ms. Martha Sturtevant, Recorder, SBO, DHR
- Mr. Jim Testerman, DSEA (Ret.)

CALLED TO ORDER

Secretary Johnson called the meeting to order at 2:02 p.m. and introductions were made.

APPROVAL OF MINUTES – SECRETARY JOHNSON

A MOTION was made by CG Morton and seconded by Ms. Bonner to approve the minutes from the February 17, 2020 meeting of the State Employee Benefits Committee.

MOTION ADOPTED UNANIMOUSLY

DIRECTOR’S REPORT – DIRECTOR FAITH RENTZ

Subcommittee Updates

Due to lack of agenda items, the Subcommittees did not meet in March.

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

Legislative/Policy Updates

A House Bill has been drafted to require coverage for annual behavioral health well visits. SBO is working on comments and accessing fiscal impacts. The bill is expected to be introduced the week of March 9, 2020.

The Other Post-Employment Benefits Workgroup met March 9, 2020 to review options to reduce retiree healthcare costs and to consider how such options would impact retirees. The Workgroup will present their work to date, possible funding, and health plan change options at the DEFAC meeting on March 16, 2020.

A Joint Resolution is being drafted for consideration by the General Assembly to endorse the continuation of the Workgroup. It is expected that the Resolution will allow for continued efforts to analyze options to understand cost savings, administrative needs and most importantly member impact.

The workgroup is expected to continue meeting through CY20 and supports a need to conduct intensive outreach and education with impacted employee and retiree groups later this year.

The Reimbursement Task Force established by HCR 57 will meet again on March 11, 2020. Dir. Rentz will continue to update the Committee.

RFP Updates:

The Employee Assistance Program Request for Proposal (“RFP”) has two finalists. Interviews are scheduled for March 16, 2020. The award recommendation is expected to be presented for the Committee’s consideration at the April 13, 2020 meeting for a contract award effective date of July 1, 2020.

An RFP to contract with auditors to review the medical and prescription plans has been advertised and intents to bid have been received from 8 vendors. The selected vendor will conduct the audits of the health and prescriptions plans for FY19 & FY20. Audits are expected to begin in Q3 of CY20.

A prescription RFP has begun and will be conducted in two parts; the first is expected to begin in May and will evaluate minimum requirements before moving to the financial phase. Committee members will be asked for feedback during this process as well as others involved in recent prescription policy and workgroups.

Other Updates:

1095C Forms have been posted in Employee Self-Service and have been mailed to members who did not elect to receive benefits information electronically.

Delaware’s Division of Public Health (DPH), in partnership with the Statewide Benefits Office (SBO), is offering FREE self-management workshops for State of Delaware employees who have (or are caring for someone with) diabetes, chronic pain/disease, or cancer. Each workshop topic is six weeks long and held one day per week for 2.5 hours. The workshops are open to all state employees and are available in each county. SBO has communicated to State agencies how to handle requests from employees who are requesting time off to participate in the workshops. Posters have been posted in workplace locations and information has been sent from Secretary’s Walker and Johnson through the Delaware Learning Center.

SBO is working to distribute Open Enrollment communications. Employees will need to complete activities during April and May to meet the requirement for active participation.

In addition to modest increases in vision and dental rates effective July 1, 2020, the Committee approved the renewal of the existing Group Universal Life program through Securian for up to an additional 5 years beginning July 1, 2020. This included no rate increase for active employees and a one-time 5% increase in dependent and ported coverage

available to former employees/retirees. Enrollees impacted by the 5% increase will receive a notification of this change directly from Securian.

The SBO and DHR are working closely with DHSS, Public Health, OGOV and DEMA on communications to employees regarding COVID-19. Highmark and Aetna will cover testing for members enrolled in the GHIP. Details are still evolving around how and where testing will be provided.

FINANCIALS

January Fund Report- Ms. Rebecca Warnken

The \$6.3M Federal Reinsurance amount includes a \$5.2M Federal Insurance True-up payment attributable to CY18.

Emerging claims came in under budget, and 2% over budget YTD. Net income is down \$3.6M, bringing the Fund Equity balance to \$152.5M.

GHIP Long Term Projection Recast

The Committee reviewed a recast of GHIP long-term health care projections based on updated FY20 Q2 claims experience and increased enrollment.

The FY20 Q2 budget of \$849.3M is up 1.3% or \$10.5M from FY20 Q1. The increase is driven by claims experience and increased enrollment. The FY20 budget includes a \$1.2M prospective reinsurance true-up received in August 2019 but excludes the \$5.2M CY18 financial reconciliation payment received in January 2020.

Claims experience by quarter on a rolling 12-month basis reflect the gross per employee claims through FY20 are 5.5% higher than the prior period; the medical trend is 4.2% and Rx trend is 8.3% when not factoring in rebates. WTW recommends modifying the prior 5% composite trend assumption to 8% pharmacy and 5% medical.

Budget projections were demonstrated for alterations in trend and using a range for reasonable assumptions. Claims experience has been running relatively stable.

Smoothing the surplus over a period of at least two years is recommended to reduce the impact to employees. If premium rates are held flat again in FY21, the GHIP expenses are expected to exceed revenue by \$53.0M, leaving a \$13.8M surplus and falling short of the recommendation. No rate increase has a projected deficit in FY22 of \$97.4M.

Examples of rate increase scenarios were presented; modeling included projections using 0% to 6.3% using effective implementation dates of both October 1, 2020 and January 1, 2021. Monthly rates including the State subsidy and employee/retiree contributions were provided for each scenario.

The Financial Subcommittee is tasked with making a recommendation to the Committee for the timing of an increase.

The recommendation is that program changes and emerging experience continue to be monitored and WTW will provide updated projections for the Committee through the May meeting.

Mr. Costantino queried the timeline required to implement rate increases in October 2020. Dir Rentz responded that SBO needs a minimum of 60 days; a vote by the Committee in July provides a 90-day implementation.

OTHER BUSINESS

None noted.

PUBLIC COMMENT

No public comment.

EXECUTIVE SESSION

A MOTION was made by CG Morton seconded by Ms. Tucker to enter Executive Session at 2:38 p.m. to discuss healthcare appeals and healthcare contracting.

MOTION ADOPTED UNANIMOUSLY

ADJOURNMENT

A MOTION was made by CG Morton seconded by Ms. Bonner to adjourn the meeting at 3:36 p.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

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