



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
July 27, 2020**

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on July 27, 2020 in accordance with the [Proclamation Authorizing Public Bodies to Meet Electronically](#). In the interests of protecting the citizens of this State from the public health threat caused by COVID-19, this meeting was conducted via WebEx, without a physical location.

Committee Members Represented or in Attendance:

- Director Mike Jackson, Office of Management & Budget (“OMB”), (Co-Chair)
- Secretary Sandra Johnson, Department of Human Resources (“DHR”), Co-Chair
- The Honorable Bethany Hall-Long, Lieutenant Governor, Office of the Lt. Governor
- The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer
- The Honorable Trinidad Navarro, Insurance Commissioner, Department of Insurance (“DOI”)
- Mr. Steven Costantino, Dir. of Healthcare Reform, Dept. of Health & Social Services (“DHSS”) (Designee OBO Sec. 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 The Honorable Collins Seitz, Chief Justice, Delaware Supreme Court)

Others in Attendance:

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| Director Faith Rentz, Statewide Benefits Office (“SBO”), DHR | Ms. Rebecca Byrd, ByrdGomes LLC |
| Deputy Director Leighann Hinkle, SBO, DHR | Ms. Julie Caynor, Aetna |
| Deputy Attorney General, Andrew Kerber, Dept. of Justice,
SEBC Legal Counsel | Ms. Judy Grant, Health Advocate |
| Mr. Kevin Fyock, Willis Towers Watson (“WTW”) | Ms. Emily Molinaro, Fiscal & Policy Analyst, OMB |
| Mr. Chris Giovannello, WTW | Ms. Heather Johnson, Sr. Fiscal Admin. Officer, DHR |
| Ms. Jaclyn Iglesias, WTW | Mr. Walt Mateja, IBM Watson Health |
| Ms. Rebecca Warnken, WTW | Mr. Mike North, Aetna |
| Ms. Jennifer Bredemeier, University of Delaware | Mr. Tanner Polce, Lt. Gov. Office |
| Ms. Christina Bryan, DE Healthcare Assoc. | Ms. Judi Schock, Deputy Principal Asst., OMB |
| Ms. Cherie Dodge Biron, Controller, DHR | Ms. Martha Sturtevant, Exec. Sec., SBO, DHR -Recorder |

CALLED TO ORDER

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

APPROVAL OF MINUTES – DIRECTOR FAITH RENTZ

A MOTION was made by Mr. Taschner and seconded by Lt. Gov. Hall-Long to approve the minutes from the June 8, 2020 meeting of the State Employee Benefits Committee.
MOTION ADOPTED UNANIMOUSLY

DIRECTOR’S REPORT – DIRECTOR FAITH RENTZ

Subcommittee Updates:

The Financial Subcommittee will meet in August to review Q4 financials and updated long term projections.

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

A Combined Subcommittee meeting is planned for September to review Strategic Framework goals, discuss Alternative Payment Models, and to discuss the Healthcare Stakeholder Request for Information (“RFI”) scheduled to be advertised in September. The RFI will remain open until late November and assist in developing a Third Party Administrator Health Plan Request for Proposal (“RFP”) in Q1 of CY2021.

Legislative/Policy Updates:

The Primary Care Reform Collaborative and the Delaware Center for Health Innovation each continue to meet monthly. The Stakeholder RFI will attempt to align with the goals and objectives of these Workgroups, as well as with the objectives of the Office of Value Based Health Care, which is now supported by DOI.

The Retirement Benefits Study Committee has resumed an internal workgroup that will develop a benchmark survey to evaluate other State and regional employer retiree benefits.

Governor Carney signed Senate Bill 248 on July 23, 2020 ensuring that State employees on Short Term Disability who, before the exhaustion of their Short Term Disability benefits, are unable to receive the necessary care for returning to work as a result of COVID-19 will, upon approval and transition to Long Term Disability, will continue to be employed by the State, and receive a 15% salary supplement. The legislation allows for the SEBC to continue to approve employees as needed through December 31, 2020. To date, four employees have been approved including one who has already returned to work.

COVID-19 Related Benefit Updates:

Rethink Benefits is a family support benefit approved by the Committee on June 8, 2020 and is available to Group Health Insurance Plan (“GHIP”) members and their families at no cost through December 31, 2020. Rethink Benefits provides one-on-one support services and resources for families caring for children needing extra support with learning, social, behavioral, or development (e.g. autism spectrum disorder, ADHD, learning disabilities, etc.). SBO will send communications the week of July 27, 2020 to HR/Ben Reps and GHIP members. SBO will report back to the Committee on the engagement and participant satisfaction after the trial period.

Extended Vision Benefits for Enrolled Members Due to COVID:

Members enrolled in the EyeMed Vision Plan in both the FY20 & FY21 plan years will be notified of their ability to utilize unrealized benefits from the FY20 plan year through December 31, 2020. Communications are going out the week of July 27, 2020 to eligible members.

Employee Assistance Program:

SBO has been tracking activity in the Employee Assistance Program since the COVID-19 State of Emergency. Benefits were extended to all employees, including part-time and casual seasonal through December 31, 2020. Utilization has increased in website activity; however, overall declines in counseling compared to utilization prior to COVID-19.

Other Updates:

The GHIP Health Fund has made the annual payment to the IRS for the Patient Centered Outcomes Research Institute Fee in the amount of \$309,558.11. Under the Affordable Care Act, this fee is required from insurers and self-insured health plans to support clinical effectiveness research.

2020 Open Enrollment:

Final statistics for Agency and School participation in myBenefitsMentor and Open Enrollment was communicated to all organizations earlier this month. There were notable enrollment increases in the Delta PPO dental coverage, the Securian Group Universal Life benefit, and ASI Flexible Spending Accounts. Additionally, Securian replaced Aflac as the State’s Accident and Critical Illness benefit provider; enrollment doubled under the new vendor.

SEBC meeting dates for the 2021 calendar year will be distributed with calendaring invites this week.

Commissioner Navarro asked to clarify the extended timeframe for members enrolled in the FSA Short Plan Year (January 1 through June 30, 2020) to utilize flexible spending accounts. Dir. Rentz confirmed members have through December 31, 2020 to incur claims that can be applied to the FSA Short Plan Year.

FINANCIALS – MR. CHRIS GIOVANNELLO, WTW

May Fund Report

May was a rebate month; Other Revenues include rebates of \$10.6M in Commercial and \$7.3M in EGWP. There continue to be improvements in returns and rebate guarantees. Other Revenues of \$381.5K largely consists of a missed performance guarantee from ESI. Claims in May were \$20.8M below budget.

June Fund Report

Other Revenues include a \$2.1M Aetna CareVio payment. June claims came in \$11.1M below budget to close out the fiscal year \$24.5M below budget. A \$26.0M net income gain increased the Fund Equity Balance to \$189.8M. After accounting for claim liability and minimum reserve, there is a true surplus of \$107.9M and a variance to budget of \$32.2M.

Mr. Costantino stated that other states experienced an increase in telehealth claims as a result of COVID-19 and he queried whether an analysis of the GHIP also reflected increased claims. Mr. Giovannello confirmed telehealth claims have increased, adding that the COVID-19 utilization report to be presented at the August Committee meeting will provide more details.

COVID-19 UPDATE and FY21 BUDGET – MR. CHRIS GIOVANNELLO, WTW

Financial Impact of COVID-19

Members reviewed the financial impact of COVID-19 on the GHIP, including the impact of deferred care, the cost of COVID-19 testing and treatment, and the impact to the minimum reserve and FY21 budget.

Through Q3 FY20 the fund was running \$10.1M above budget compared to \$47.1M below budget through Q4.

Members reviewed updated COVID-19 experience reported by Highmark (updated through July 18, 2020) and Aetna (updated through July 19, 2020) as determined by procedure/diagnosis codes. Highmark YTD paid claims for COVID-19 related care totaled \$4.9M with \$1M in claims pending. Aetna YTD paid claims totaled \$792K.

Aetna has been tracking telehealth visits related to COVID-19 care compared to non-COVID-19 care. There have been significant increases in telehealth visits not related to COVID-19 care.

Testing, treatment and provider billing data still being updated.

The cost of deferred care is outpacing the cost of COVID-19 related treatment. The long-term impact of COVID-19 on the fund will depend on the effectiveness of government policies to mitigate spread, the level of care deferral that returns, the level of new care deferral that emerges, the cost of a new vaccine/therapies, and the potential of new waves of infection.

Members reviewed the impact of COVID-19 on the minimum reserve. The current minimum reserve is \$24.3M. Holding an additional reserve is recommended to protect the GHIP against the potential for adverse claims experience related to COVID-19. FY20 Q4 claims were a combined \$47.1M below budget and the recommendation is to hold 50%, or \$23.5M.

Commissioner Navarro left the meeting.

A one-time increase to the minimum reserve will require a vote by the Committee and the recommendation will be reviewed quarterly until claims have normalized; at such time the Committee will re-evaluate whether to maintain, increase or remove the additional reserve.

Members discussed their support for the increased reserve, and when to re-evaluate returning the increase back to the fund. Dir. Jackson would like the additional reserve separated out on the fund reports.

Mr. Morton asked if COVID-19 claims are reimbursable by the CARES Act. Dir. Jackson responded that some claims may be reimbursable. Dir. Rentz added that SBO is tracking expenses to evaluate what can be reimbursed.

The next quarterly review in August will include a review of the emerging plan experience related to COVID-19 testing and treatment, evaluation of care deferral by type of care, and the cost savings of GHIP initiatives adopted to date. There will be continued discussions of potential rate action.

A MOTION was made by Sec. Johnson and seconded by Mr. Costantino to establish a one-time COVID-19 reserve for FY21 in the amount of \$23.5M.

MOTION ADOPTED UNANIMOUSLY

FY21 Budget Review

Members reviewed revisions to the FY21 budget. Due to the uncertainty of the COVID-19 impact to medical costs, the revision does not account for COVID-19; it is highly probable that the pandemic will cause results to vary from the estimated projections. Revised status quo/base-line estimates will be compared against the fund equity report to evaluate the impact of the pandemic.

The balance forward from FY20 is \$189.8M. Premium Revenues have been revised to \$839.7M to reflect 2020 Open Enrollment and assumes a 1% growth in membership. Other Revenues has been updated to \$113.4M. The Total Operating Revenue is \$971.1M.

Total Operating Expenses after including the \$47.5M reduction in net income is projected at \$1.0B. After accounting for the additional COVID-19 reserve, the FY21 surplus (not accounting for COVID-19) is \$37.0M.

Dir. Jackson queried the assumptions used to calculate the revised projections. Mr. Giovannello responded that the projections are based on standard trend assumptions and GHIP experience through Q3; he added claim projections are conservative. Moving forward the budget will be updated with actual claims.

There was a discussion related to the potential costs of a vaccine. Mr. Fyock responded that while estimates were not available, vaccines would not be delivered at cost; estimated costs are expected to become available at the end of the clinical trials.

Dir. Rentz shared an article related to vaccine estimates with the Committee:

<https://www.reuters.com/article/us-health-coronavirus-vaccine-pricing-an/u-s-sets-global-benchmark-for-covid-19-vaccine-price-at-around-the-cost-of-a-flu-shot-idUSKCN24O1DA>

A MOTION was made by Mr. Costantino and seconded by Treasurer Davis to approve the FY21 baseline budget as presented.

MOTION ADOPTED UNANIMOUSLY

BENEFIT PLAN CHANGES for FY21 – MS. JACLYN IGLESIAS, WTW

The Committee reviewed recommended benefit changes for the FY21 plan year. Not all recommendations are intended to drive savings, but rather provide support to members during the pandemic and improve access to care.

Bright Heart Health, through a partnership with Highmark, offers 24/7 virtual comprehensive addiction treatment. The recommendation is to add this benefit to Highmark PPO and First State Basic health plans. There are no additional administrative costs to implement this program, and additional claims are estimated to be nominal.

Teledoc is offering tele-behavioral health services to Aetna HMO and CDH Gold health plans to expand access to behavioral health. Tele-behavioral health services are already available to Highmark members through Amwell. The additional cost is estimated at between \$100-140K annually and can be available to Aetna members as early as September 1, 2020.

At the June Committee meeting, members considered adding Retrofit for the Aetna population. Currently the program is no longer available. Aetna is exploring other options for the Committee's consideration.

Sec. Johnson queried the catalyst for recommending the new tele-behavioral health benefit. Ms. Iglesias responded that members have contacted SBO and expressed difficulty in accessing behavioral health providers. Sec. Johnson asked if the new benefit would guarantee members a provider. Ms. Iglesias responded that the benefit would improve access to care. Sec. Johnson queried how the average wait time to meet with a provider might improve with this new benefit, adding that she would like to see a performance metric.

Ms. Hinkle offered that telehealth utilization data can be added to the quarterly dashboard.

Lt. Gov. Hall-Long agreed that offering the same benefit to Aetna members, already available to Highmark members through Amwell, was a step toward mental health parity.

A MOTION was made by Lt. Gov. Hall-Long and seconded by Treasurer Davis to approve the recommended benefit plan changes for FY21 as presented: Highmark Bright Heart Health Solution and Aetna tele-behavioral health expanded access through Teledoc.

MOTION ADOPTED UNANIMOUSLY

REQUEST for PROPOSAL ("RFP") UPDATES– MS. JACLYN IGLESIAS, WTW

Employee Assistance Program RFP:

The Employee Assistance Program ("EAP") contract was set to expire in June 2020 but was extended as a result of the pandemic causing finalist interviews to be cancelled. Temporary access to EAP services has been extended to all employees through September 30, 2020 to include employees not enrolled in a health plan (e.g. casual seasonal employees). The RFP received 4 bidders from which 2 finalists were selected. Interviews were held on July 14, 2020 and a recommendation is expected by the Proposal Review Committee ("PRC") at the August 17, 2020 meeting.

Audit RFP:

The Audit RFP, as recommended by the Health Plan Task Force, seeks to identify a firm that will audit medical and prescription drug plan payments and operations. A contracted third-party firm has completed audits through FY18. The prior contract expired in June 2020. The RFP issued in mid-March received 6 responses from which 3 finalists were selected. Interviews were held on July 20, 2020. Additional information is being gathered and the PRC is expected to reconvene on August 24, 2020 before presenting a recommendation at the September 14, 2020 meeting.

Vision RFP:

The State Vision Plan is provided to employees, pensioners and their dependents, and is an employee-pay-all benefit. The current contract expires in June 2021. The RFP issued in April received 6 bid responses. Finalist interviews are scheduled for August 10, 2020 with a final recommendation by the PRC to be presented at the September 14, 2020 meeting.

Additionally, the Vision Plan RFP offers an opportunity to expand the benefit to participating groups; participating groups have expressed interest in expanding the benefit. Participating groups offering their own vision coverage would not be included among newly eligible participants. The vision Plan RFP includes questions to assist the PRC in evaluating the cost implications of adding additional participants to the plan. The RFP states that proposed premium rates must match the group rates offered to State employees, and that State employees and retirees cannot absorb the cost associated with expanding eligibility to participating groups.

Dir. Rentz reported that the State Vision Plan covers 34K participants compared to 39K enrolled in the Dental plan. The Dental plan is also an employee-pay-all benefit and is available to participating groups. Administratively, the vision vendor will collect premiums directly from all participating groups.

Members expressed support for expanding vision coverage to participating groups.

Prescription Benefit Manager RFP

The Prescription Benefit Manager RFP was administered in two phases. Phase 1 received 6 responses, with 5 advancing to Phase 2. Responses for Phase 2 are due August 7, 2020 and finalist interviews are scheduled for October 5 and 6, 2020. Committee members were invited to join the PRC.

OTHER BUSINESS

No new business.

PUBLIC COMMENT

No public comment.

ADJOURNMENT

A MOTION was made by Secretary Johnson seconded by Treasurer Davis to adjourn the meeting at 3:35 p.m.
MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

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