



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
August 17, 2020**

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on August 17, 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”)
Secretary Molly Magarik, Department of Health & Social Services (“DHSS”)
Controller General Mike Morton, Office of the Controller General (“OCG”)
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:

Director Faith Rentz, Statewide Benefits Office (“SBO”), DHR	Mr. Mike Garfield, ComPsych
Deputy Director Leighann Hinkle, SBO, DHR	Ms. Sandy Hart, IBM Watson Health
Deputy Attorney General, Andrew Kerber, Dept. of Justice, SEBC Legal Counsel	Ms. Katherine Impellizzeri, Aetna
Mr. Kevin Fyock, Willis Towers Watson (“WTW”)	Mr. Norman Jester, Sr. Application Development Mgr., DTI
Mr. Chris Giovannello, WTW	Ms. Heather Johnson, Controller, DHR
Ms. Jaclyn Iglesias, WTW	Ms. Lisa Mantegna, Highmark Delaware
Ms. Rebecca Warnken, WTW	Mr. Walt Mateja, IBM Watson Health
Ms. Victoria Brennan, Sr. Legislative Analyst, OCG	Ms. Emily Molinaro, Fiscal & Policy Analyst, OMB
Ms. Christina Bryan, DE Healthcare Assoc.	Ms. Jennifer Mossman, Highmark Delaware
Mr. Steven Costantino, Dir. of Healthcare Reform, DHSS	Mr. Mike North, Aetna
Ms. Lynda Cutler, PHRST	Mr. Tanner Polce, Policy Advisor, Lt. Gov. Office
Ms. Cherie Dodge Biron, Controller, DHR	Ms. Pam Price, Highmark Delaware
Ms. Rebecca Byrd, ByrdGomes LLC	Ms. Paula Roy, DE Chiropractic Services Network
Ms. Julie Caynor, Aetna	Ms. Carrie Schiavo, Delta Dental
Ms. Judy Grant, Health Advocate	Ms. Judi Schock, Deputy Principal Asst., OMB
Ms. Nina Figueroa, Health Policy Advisor, SBO, DHR	Ms. Martha Sturtevant, Exec. Sec., SBO, DHR -Recorder
	Ms. Jodie Wedel, Office of Pensions

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 CG Morton and seconded by Mr. Taschner to approve the minutes from the July 27, 2020 meeting of the State Employee Benefits Committee.

MOTION ADOPTED UNANIMOUSLY

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DIRECTOR'S REPORT – DIRECTOR FAITH RENTZ

Request for Proposal (“RFP”)

A dental Request for Proposal (“RFP”) planned for 2020 has been postponed until CY21 to allow current dental vendors to provide relief to plan participants during the pandemic; relief includes extending premium credits, offering incentive programs, and a premium hold through FY22. Delta Dental has extended a credit that will result in a 25% reduction in premiums for October & November 2020. Delta Dental and Dominion Dental have agreed to hold premiums flat through FY22.

The State’s vision plan vendor EyeMed has also offered a 2.3% reduction in vision premiums for a 6-month period.

Rethink Benefits, a family support benefit approved by the SEBC on June 8, 2020 has been available to State employees for 3 weeks. To date approximately 200 employees have taken advantage of the benefit.

Subcommittee Updates:

The Financial Subcommittee met in August to review Q4 financials, COVID-19 cost reporting and FY21 planning.

FINANCIALS – WILLIS TOWERS WATSON

FY20 Q4 Financial Reporting – Mr. Chris Giovannello

The Committee compared FY20 to FY19. FY20 experienced a 96% loss ratio with \$30.5M in net income with gross claims coming in at 1.8% above budget primarily a result of increased membership. Gross medical claims were 3.1% below budget. Gross pharmacy claims were 12.1% above budget; however, FY20 pharmacy experience included 27 invoices, compared to 26 invoices in FY19. Adjusting for the additional invoice brings pharmacy claims to 8.0% above budget. Total program costs for FY20 medical were down 2.5% and total pharmacy was up 7%, for a combined 0.3% below FY19. Premium contributions were up 1.5% as a result of increased membership. Total cost PEPY and PMPY is down 2.4% and 1.9% over FY19 respectively as a result of COVID-19.

Secretary Magarik joined the meeting.

Insurance Commissioner joined the meeting.

The actual budget was compared to the budget approved in August 2019. On a total program cost basis, medical came in 8.6% below budget and pharmacy came in 8.0% above budget. PEPY and PMPY were 4.9% below budget primarily as a result of the pandemic.

The Executive Dashboard template is being reconfigured and will be available moving forward.

Medical claims were reviewed by quarter; the impact of the pandemic was noted when comparing Q3 (\$158.1M) to Q4 (\$115.4M). It was a positive fiscal year for fund equity and surplus as a result of deferred care related to COVID-19.

GROUP HEALTH INSURANCE PLAN - LONG TERM PROJECTION RECAST

GHIP Long Term Projection Recast – Rebecca Warnken, WTW

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.

The one-time increase of \$23.5M to the minimum reserve is reflected as a separate line item and for the purposes of modeling is not projected to be included past FY21. The additional reserve will be reviewed quarterly and held

until claims have normalized; at such time the Committee will re-evaluate whether to maintain, increase or remove the additional reserve.

In Q4 FY20 claims were a combined \$47.1M below budget. Total claim levels into July are normalizing. Medical claims are projected to be \$7.7M below budget for July, while pharmacy claims are projected to be \$0.6M above budget. There was an early increase in depression medications, but claims have returned to pre-pandemic levels. More detailed claims reporting is included in the deck as supplemental data.

The FY21 budget was updated to from \$905.7M up 1.7% (14.9M) from FY20 Q3 projection of \$890.8M to reflect COVID-19 related adjustments: Q4 claims, increased enrollment, an estimated 50% care deferral returning in FY21 partially offset by lower claim levels expected into FY21 Q1, and favorable rebates.

The FY22 budget was revised to \$951.9M reflecting a 5.1% increase (\$46.2M) over FY21 projected budget and excludes any adjustments related to COVID-19 (including a second wave).

Potential premium rate action scenarios were illustrated for long term health care cost projections through FY26; no rate action projects a FY22 deficit of \$66.2M and a FY26 deficit of \$1.16B.

Dir. Jackson queried whether the FY22 projection added the temporary increase to the reserve back into the budget. Ms. Warnken confirmed.

A target smoothing (smoothing over two-years) option requires a 8.8% premium rate increase effective July 1, 2021 and 2% annually thereafter and projects a FY22 surplus \$9.2M and a FY26 deficit of \$591.5M.

A zero-dollar surplus (in FY22) option requires a 7.8% premium rate increase effective July 1, 2021 and 2% annually thereafter, projects a FY22 surplus of \$0.0 and a FY26 deficit of \$639.5M. It was noted that the FY22 projections add the temporary reserve back into the fund for the purpose of the projections.

Members reviewed the projected increase for members and the State as a total of monthly/annual premiums increases for each scenario by plan and by coverage tier. Illustrated with a premium increase scenario of 7.8%, employee contributions could increase by \$2.17 - \$21.28 per month with the state contributing an additional \$52.07 to \$140.48 per employee per month depending on plan and coverage tier.

Dir. Jackson stated that the forecasting is illustrative only and may be further impacted by the pandemic.

COVID-19 Utilization – Mr. Chris Giovannello, WTW

Health care utilization trends related to COVID-19 reflected a spike in third party telehealth utilization (Teledoc, Amwell, and Doctor on Demand) at the onset of the pandemic, but utilization has normalized. Telehealth utilization as a result of the pandemic could have a long-term impact to the fund if members permanently change how they access care. Additionally, Other Providers telehealth utilization reflects an increase in visits in the category of mental health & substance abuse.

Deferral of Care was reflected in emergency room visits and radiology at the onset of the pandemic, but utilization rates returned in May and June.

Preventive visit utilization remained consistent throughout the pandemic for well-baby and well-child visits; however, adult preventive visits/screenings declined at the onset of the pandemic and are normalizing, the deferral of care is not expected to re-emerge.

Admission rates for mental health and substance abuse remained consistent with pre-pandemic levels.

Outpatient surgeries reflected a deferral of care at the onset of the pandemic, but utilization is normalizing.

Pharmacy claims spiked in March likely as a result of easing restrictions for early refills but has returned to pre-pandemic levels. Medication for anxiety, depression, and sleep spiked at the onset of the pandemic, but has returned to normal levels.

FY22 Planning – Ms. Jaclyn Iglesias

Data collection on approved GHIP initiatives is ongoing with detailed information expected in September 2020.

Areas of opportunity include initiatives to further promote preferred sites of care, expand telehealth services and steerage to high quality surgeons through SurgeryPlus, and improving engagement with plan participants to address high-prevalence and high-cost illnesses and lifestyle risks.

Also planned for further discussion in the months ahead is to evaluate opportunities to leverage complimentary work being done in other departments and working groups that address the goals and objectives of the Committee.

CONTRACT AWARD RECOMMENDATION for EAP SERVICES – JACYLN IGLESIAS, WTW

The Committee reviewed the recommendation of the Proposal Review Committee (“PRC”) to award the Employee Assistance Program (“EAP”) services contract to ComPsych over the incumbent Health Advocate. Vendor reporting capabilities, resources, online member-facing tools, access to local providers and various telehealth services became key differentiators for the PRC recommendation.

A MOTION was made by CG Morton and seconded by Commissioner Navarro to approve the recommendation of the Proposal Review Committee to award the Employee Assistance Program services contract for a 2.5 year initial term effective January 1, 2021 to ComPsych, with two optional one-year period extensions.

MOTION ADOPTED UNANIMOUSLY

OTHER BUSINESS

No new business.

PUBLIC COMMENT

No public comment.

ADJOURNMENT

A MOTION was made by Lt. Gov. Hall-Long and seconded by Treasurer Davis to adjourn the meeting at 02:58 p.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

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