MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
DECEMBER 14, 2020

The State Employee Benefits Committee (the "Committee") met at 2:00 p.m. on December 14, 2020. In accordance with the Proclamation Authorizing Public Bodies to Meet Electronically and 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 Michael Jackson, Office of Management & Budget ("OMB"), (Co-Chair)
Secretary Saundra Johnson, Department of Human Resources ("DHR"), Co-Chair
The Honorable Bethany Hall-Long, Lieutenant Governor
The Honorable Trinidad Navarro, Insurance Commissioner
Secretary Molly Magarik, Department of Health & Social Services ("DHSS")
Ms. Victoria Brennan, Senior Legislative Analyst, Office of the Controller General
Mr. Steven Costantino, Dir. Of Health Care Reform, DHSS
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)

Committee Members Represented or in Attendance:
The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer

Others in Attendance:
Dir. 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. Chris Giovannello, Willis Towers Watson ("WTW")
Ms. Jaclyn Iglesias, WTW
Ms. Sarah Tharnish, WTW
Ms. Rebecca Warnken, WTW
Ms. Joanna Adams, Pension Administrator, Office of Pensions
Ms. Amy Bonner, Deputy Director, OMB
Ms. Diane Bourne, HR Specialist, DHR
Ms. Jennifer Bredemeier, University of Delaware
Ms. Rebecca Bryd, ByrdGomes
Ms. Julie Caynor, Aetna
Mr. Robert Coppola, MedImpact
Ms. Sue Dahms, Highmark Delaware
Mr. Mike Dill, Novonordisk
Ms. Cherie Biron Dodge, Deputy Principal Asst, DHR
Mr. Sean Donovan, CVS Health
Mr. Jeff Gottlieb, OptumRx
Ms. Nina Figueroa, Health Policy Advisor, SBO, DHR
Mr. Bryan Hammons, ESI
Ms. Sandy Hart, IBM Watson Health
Ms. Marie Hartigan, SBO, DHR
Ms. Charlene Hrivnak, CVS Health
Ms. Katherine Impellizzeri, Aetna
Mr. Mark Jacobson, Highmark Delaware
Ms. Heather Johnson, Controller, DHR
Mr. Jamie Johnstone, Deputy Principal Asst., Dept of Finance ("DOF")
Ms. Pamela Kinley, Highmark Delaware
Mr. Adam Knox, Highmark Delaware
Ms. Austin Lank, HDMS
Ms. Lizzie Lewis, Hamilton Goodman Partners
Ms. Michelle Manolovic, CVS Health
Ms. Lisa Mantegna, Highmark Delaware
Mr. Walt Mateja, IBM Watson Health
Mr. Sean McNeeley, Dir. Of Bond Finance, DOF
Ms. Emily Molinaro, Fiscal & Policy Analyst, OMB
Ms. Jennifer Mossman, Highmark Delaware
Ms. Katherine Nedelka, HRIS Specialist, OMB

Mr. Michael North, Aetna
Ms. Paula Roy, Roy & Associates
Ms. Carrie Schiavo, Delta Dental
Ms. Judi Schock, Deputy Principal Asst., OMB
Mr. Aaron Schrader, HR Manager, DHR, SBO
Mr. Aaron Seliger, HDMS
Ms. Martha Sturtevant, Exec. Sec., SBO, DHR - Recorder, State Employee Benefits Committee and Subcommittees
Mr. Keith Warren, Chief of Staff, Office of the Lt. Governor
Ms. Sue Wolf, ESI

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 Lt. Governor Hall-Long and seconded by Commissioner Navarro to approve the minutes from the November 16, 2020 meeting of the State Employee Benefits Committee.
MOTION ADOPTED (1 Abstention – Ms. Ashley Tucker).

DIRECTOR'S REPORT – DIRECTOR FAITH RENTZ
Statewide Benefits Office Updates
The free trial program for Rethink family support benefits has been extended into CY21 and enrolled employees were notified via email the first week in December. Separately, the SBO is evaluating options related to this benefit for discussion with the Subcommittees in early 2021.

SBO has launched a communications campaign to promote pre-planned surgical procedures available through SurgeryPlus with a focus on high quality providers, concierge services, and available incentives. Employees enrolled in a State Aetna or Highmark health plan received the first of three communications on November 30, 2020. Follow up communications will be sent in January and March.

Delta Dental has extended a 25% premium reduction to enrolled employees and retirees as a result of deferred care related to COVID-19 for October and November. Employees & retirees will see their premiums return to the original amounts: for employees with the 12/18 pay, and retirees with their December pension check.

A new Facts & Figures tile has been added to the SBO home page under "Stay Informed." The new page has been launched to highlight Group Health Insurance Plan ("GHIP") enrollment and trend information, the strategic framework goals, strategies, and tactics, as well as the key analytics supporting the efforts and progress toward meeting those goals.

Earlier this year, the Committee authorized the SBO to issue a Health Care Stakeholder Request for Information ("RFI") to gather best practices in cooperative approaches and innovative solutions to reduce the total cost of care for the GHIP. The RFI targeted several types of health care stakeholders, including those willing to partner with the GHIP in implementing advanced alternative payment models containing down-side risk, to expand access to primary care, and to improve care delivery and coordination for GHIP participants. The RFI was released to the public on Tuesday, September 22, 2020 and was open through Monday, December 1, 2020. Responses were received from 19 organizations representing a cross section of the health care industry including health systems and other provider groups, third party administrators, and other third-party providers of health-related services such as chronic condition management, care navigation, and direct-to-employer primary care. The SBO will meet with WTW to discuss responses and analysis will continue through the early part of 2021. Findings will be used as key inputs for the upcoming medical third-party administrator Request for Proposal ("RFP"), which is scheduled for release in the Spring of 2021.

Subcommittee Updates:
On December 10, 2020 the Financial and the Health Policy & Planning Subcommittees met in a combined session to continue a review of FY20 outcomes data, including a review of the care management programs. The groups

will meet in January and February to review FY22 plan design options and to develop recommendations for the Committee's consideration on February 22, 2021.

FINANCIALS

October 2020 Fund Equity Report – Mr. Chris Giovannello, WTW

As a result of the return of deferred care, October claims came in $5.1M above budget. Claims YTD through October are $6.2M below budget. There is a net income deficit of $11.3M for October, bringing the Fund Equity balance to a total of $175.6M with variance to budget of $2.8M.

COVID-19 Update – Mr. Chris Giovannello, WTW

The impact of COVID-19 to the fund in 2021 will depend on many factors including the effectiveness of policies to mitigate spread and timing of easement of social distancing measures, the level of FY20 care deferral that returns in FY21, the level of new care deferral that emerges in FY21, the cost effectiveness of the vaccine or therapeutic agents, and the potential for new waves of infection.

It is estimated that the State is six-months away from having an adequate supply of vaccines.

WTW recommends that the $23.5M one-time reserve continue to be held aside from the fund reserve. Claims will be tracked on a weekly basis and the projections will be revised frequently to determine potential rate action considerations for FY22.

There was a discussion regarding the increases in COVID-19 cases and whether the impact to hospital capacity, and therefore resources, or patient confidence would once again defer elective surgical care. Mr. Giovannello acknowledged other states where capacity and resources have impacted a patient's ability to receive care and that GHIP claims are reflecting an increase across all procedures but added that local hospital capacity is being monitored. He then cautioned that while surgical care deferral could return, the long-term cost implications of deferred surgical care could outweigh the short-term cost savings.

Secretary Johnson joined the meeting.

FY20 Q4 claims came in $47.1M below budget and FY21 Q1 claims came in $11.2M below budget. October claims were above budget by $5.1M. November invoices have run $6.0M above budget, reducing the surplus generated in FY21. An increase of $30.0M is projected for the return of deferred care claims through FY21.

Claims utilization levels have returned to normal or above normal, and therefore favorable experience is no longer offsetting the costs related to the treatment and testing of COVID-19.

The YTD cost of COVID-19 testing and treatment claims for Highmark totals $5.4M for confirmed claims and $7.3M in testing claims. Aetna has $1.6M in confirmed claims and $652K in testing claims. Additionally, Aetna reports 44K telemedicine visits for non-COVID-19; this is a positive trend in utilization that may continue post-pandemic.

COVID-19 Utilization Analysis – Mr. Chris Giovannello, WTW

A COVID-19 utilization report was presented to better understand the impact of care deferral. Utilization was reviewed over several time periods and across multiple service categories.

Except for emergency room and mental health visits, October utilization is higher than budgeted across all categories compared to pre-pandemic levels; the conclusion is that pent up demand is returning.

There was a drop in adult preventive care and well-baby care utilization in Q3 and Q4 of FY20 that has returned in Q1 and Q2 of FY21.

Dir. Jackson noted that the data was annualized and questioned the one-month of data for October. Mr. Giovannello acknowledged but added that the figures are directionally accurate.

Sec. Johnson queried whether an analysis of diabetic care compliance had been done or whether the data was built into the adult preventive figures. Mr. Giovannello responded that he would inquire and follow up.

Mental health utilization has increased steadily since the pandemic began.

COVID-19 GHIP Benefits and FY21 ACA Preventive Care Expanded Coverage – Dir. Faith Rentz

Members reviewed GHIP benefit enhancements and cost waivers implemented through the health plans or through the Employee Assistance Program ("EAP") as a result of COVID-19.

Currently the Committee approved a no member cost share for in-network, inpatient services related to the treatment of COVID-19 or associated complications. This enhancement is optional and is not required by the federal mandates and is available to GHIP members through December 31, 2020. Highmark has announced that they will be extending this benefit through March 31, 2021 and Aetna is currently evaluating an extension of their end date for this provision. It is recommended that this benefit be extended to March 31, 2021.

The Committee expanded EAP benefits for GHIP enrolled members to include all State of Delaware employees. The contract with the State's new EAP provider, ComPsych, is effective January 1, 2021. It is recommended that this expanded benefit be extended to March 31, 2021.

The Families First legislation mandates that there is no member cost share for office visits that results in either the order or administration of a COVID-19 test or associated health complications and remains in effect until the end of the Federal mandate. Communications to members will include promotion of this expanded benefit.

The Committee approved a no member cost share for any telehealth services for GHIP members enrolled in an Aetna or Highmark health plan through December 31, 2020. It is recommended this optional cost share waiver be extended through March 31, 2021. Highmark has agreed to extend this benefit through March 31, 2021; however, Aetna discontinued the cost share waiver for telehealth, except for behavioral health visits, on June 4, 2020.

Dir. Jackson queried how the extension would be communicated to State employees. Dir. Rentz responded that if approved by the Committee, communications would begin December 15, 2020 with an update on the Statewide Benefits Office webpage and a memo sent to all GHIP organizations.

A MOTION was made by Mr. Taschner and seconded by Commissioner Navarro to extend benefits as recommended: extend EAP coverage to all State employees, extend no member cost share for any telehealth visits, and extend no member cost share for in-network, inpatient services related to COVID-19 through March 31, 2021. Communications will also include the extension of no member cost share for inpatient and outpatient admissions related to COVID-19, or office visits (PCP, urgent care, ER) that result in order or administration of COVID-19 test for all enrolled members through March 31, 2021 or the end of the federal mandate.
MOTION ADOPTED UNANIMOUSLY

Care Management Program Updates, Ms. Jaclyn Iglesias, WTW

Members reviewed the results of the clinical management programs implemented since FY16 and how the overall health of the GHIP population may have contributed to the care management results.

Key factors influencing the health of a population include demographic factors, adherence to preventive care, prevalence of chronic disease and lifestyle risk factors, and the prevalence and nature of high cost claimants ("HCC"). HCC is defined as members who have incurred greater than $100K in incurred claims during a specified time.

The GHIP population demographics remained relatively stable from FY19 to FY20, including the average number of enrolled employees and retirees, the number of dependents per employee in the plan, the average age of members, and the percent of female members; the GHIP has a higher percentage of female members compared to benchmark which may drive additional cost among members younger than 45 years old (e.g. fertility costs).

GHIP participants are generally adherent to preventive screenings; however, there is an opportunity to improve colon cancer screenings and adult preventive visits. There is also a higher prevalence of chronic disease in both active and non-Medicare pensioners compared to benchmark for most clinical conditions. Depression in the active employee population may be under-reported relative to the norm.

The GHIP has a higher prevalence of chronic conditions and other lifestyle risk factors and will likely benefit from care management programs that can influence the health of the population. Unmanaged or poorly managed chronic disease can contribute to a higher prevalence of high host claimants.

The HCC trend increased year-over-year from FY16 to FY20 in prevalence, total costs, and net paid per member per month, and with more variability compared to non-HCC. From FY17 to FY18 there was a 15.3% increase in net paid per-member per-month for HCCs vs. minimal increases for non-HCCs.

Sec. Johnson asked to clarify that the claims and costs are higher for participants with chronic disease. Ms. Iglesias responded that the trends are associated with, but not exclusive to, the portion of the population that has the highest level of claims over the course of the plan year. Mr. Costantino added that the data could be separated out to determine the percent of HCC claims associated with chronic disease. Ms. Iglesias agreed and added that data can also determine the number of claims associated with chronic conditions that are attributable to reoccurring HCCs. WTW will provide a follow up.

Sec. Magarik joined the meeting.

Since FY17, the GHIP offers several enhanced care management programs designed to help plan participants manage and maintain their health, including Aetna's case and disease management (CDH Gold Plan) and CareVio programs (HMO Plan), and Highmark's Custom Care Management Unit (PPO and FSB Plans).

In addition, each vendor's clinical team provides support for members including precertification, concurrent review, and case management. In addition to medical management activities, the clinical teams provide feedback on member communication campaigns (e.g. preventive care, cancer screenings, etc.).

Additionally, the GHIP offers clinical management programs that are focused specifically on diabetes and metabolic syndrome including diabetes prevention and management programs offered through Livongo and local YMCAs.

The goals of enhanced care management programs include engaging the population, promoting appropriate utilization of care, and improved health outcomes. They target acutely or chronically ill members and a return on investment can be expected in the first few years. Programs that target preventive care and wellness have a longer time horizon associated with a return on investment.

Through June 2020 the Aetna CareVio program reports a 12.5% clinical engagement for FY20 (down from 27% in FY19) as a percent of the eligible population.

The CareVio program engages slightly younger members who tend to be female employees or are the parents of female dependents. The program was effective at engaging 99% of those reached; of those 92% completed one goal or more. Additionally, 93% of HCCs were targeted with a 71% engagement rate; of those 85% completed one goal or more.

CareVio utilization statistics are consistent with overall trends due to COVID-19. Despite the impact of COVID-19 on deferred care, engaged members had higher PCP visits among this population than the Aetna norm; however, there have been increases in specialist visits and inpatient admissions and readmissions that warrant further review. Additionally, there is a higher care compliance for condition-specific treatments for select clinical conditions among the engaged population.

The population in the Aetna CDH Gold plan is healthier on average. Member engagement in both case and disease management remain unchanged from FY19 with a total engagement of less than 1% of the eligible population. Of the 19 members that were successfully reached, there was a 63% engagement rate. Engaged members are typically female employees with an average of 47.5 years of age.

Aetna utilization statistics are consistent with overall trends due to COVID-19. There is an opportunity to increase PCP visit rates. Increased specialist visits warrant further review with Aetna to determine the cause. Data reflects a drop in care compliance for condition-specific treatments for select clinical conditions over FY19; however, due to the small sample size it is difficult make any conclusions.

The Highmark Custom Care Management Unit has a non-clinical engagement rate of 31.6% of the eligible population. Additionally, the clinical engagement continued to improve in FY20 at 83% up from 79% in FY19. The goal completion rate also improved at 45% up from 31% in FY19. The program is engaging mostly female employees with an average age of 48.3 years. Of members targeted with claims over $50K for the claim year, 96% were engaged.

Utilization data is consistent with overall trends due to COVID-19. There is an opportunity to improve PCP visits, and to further monitor and evaluate the increase in inpatient admissions relative to the Highmark norm. Despite the impact of the pandemic on deferred care, engaged members had a higher rate of compliance for condition-specific treatments and is consistent with FY19 results.

The goal of the clinical management programs remains to engage GHIP participants, promote appropriate utilization of health care and improve health outcomes. Both CareVio and the CCMU are making progress toward achieving these goals and have demonstrated some performance improvements in year three.

Opportunities to improve outcomes include an emphasis on coaching members to utilize the most appropriate site of care to avoid emergency room visits (e.g., telemedicine, PCP visits, urgent care, etc.), and targeting HCCs at a lower threshold of $50K.

The Livongo diabetes management program was implemented effective July 1, 2019. Initial savings estimates provided by Livongo were dependent upon engaging 3,633 participants for at least six months based on 30% of the diabetic members in the GHIP. Actual participation rates in FY20 fell short of the estimate with just 1,589 plan participants engaged with the program in FY20. There is an opportunity to encourage engagement in Livongo. Additional analysis of member outcomes for engaged participants is ongoing and will be presented in January 2021.

RFP Recommendations

Health Data Warehouse Services Contract

The State of Delaware engaged WTW to support a procurement for health data warehouse services for the Group Health Insurance Plan's medical, health management and pharmacy programs.

The incumbent vendor, IBM Watson Health maintains claims data file feeds from Highmark Delaware, Aetna, CareVio, and Express Scripts monthly. Detailed enrollment data is also provided to IBM Watson Health by Highmark Delaware and Aetna to maintain eligibility information for the GHIP population. IBM provides a decision support tool (myBenefitsMentor) to help plan participants with selecting a medical plan option at enrollment.

The objectives and the scope of services as outlined in the RFP were reviewed.

The RFP was released on August 3, 2020, and six responses were received by September 2, 2020. Three bidders were selected as finalists (HDMS, DHIN and IBM) and vendor technology demos were conducted. Finalist interviews were conducted and the Proposal Review Committee ("PRC") convened on November 16, 2020 for a scoring meeting.

The PRC recommended to award the contract to IBM Watson Health for the following reasons: considerations of implementing a new vendor and reporting, the current support provided by the incumbent, the submitted fee proposals, as well as the depth and breadth of the benchmarking capabilities.

A MOTION was made by Sec. Magarik and seconded by Mr. Taschner to approve the recommendation of the Proposal Review Committee to award the Health Data Warehouse Services Contract to IBM Watson Health for an initial 3-year term for an effective date of July 1, 2021 through June 30, 2024 with two optional 1-year extensions.
MOTION ADOPTED UNANIMOUSLY

RFP Recommendations

Pharmacy Benefits Management Contract

The State engaged WTW to support a procurement for pharmacy benefits management ("PBM") services provided to GHIP enrollees in the commercial and EGWP (i.e. Medicare pensioners) populations.

Express Scripts is the incumbent PBM for both the commercial and the EGWP plans. The State's current contract expires June 30, 2021 for the Commercial population and on December 21, 2021 for the EGWP population.
The priorities and scope of services were reviewed as outlined in the RFP.

The RFP consisted of two phases beginning in June 2020; the goal was to identify vendors who met the minimum requirements, that would then advance to a financial and qualitative review of bid responses. Of the six bidders, 5 advanced to phase II (CVS, ESI, Highmark, Medimpact Healthcare Systems and Optum Rx). The PRC convened three times to analyze bidder's responses.

The PRC recommended to award the contract to CVS Health for the following reasons: improvements to the minimal contractual financial guarantees with a significant projection of value over the contract term of three-years, minimum formulary and retail network disruption and the ability to accommodate the State's requirements with regard to plan design, the State's various regulatory mandates and contracting terms.

A MOTION was made by Commissioner Navarro and seconded by Sec. Magarik to approve the recommendation of the Proposal Review Committee to award the Pharmacy Benefits Management contract to CVS Health for an initial 3-year term for an effective date of July 1, 2021 for the commercial plan and January 1, 2022 for the EGWP Plan with two optional 1-year extensions subject to a finalized contract that shall include performance guarantees.
MOTION ADOPTED UNANIMOUSLY

OTHER BUSINESS
No new business was presented.

PUBLIC COMMENT
Instructions were provided. No public comment was presented.

EXECUTIVE SESSION
A MOTION was made by Sec. Magarik and seconded by Mr. Taschner to move into Executive Session at 4:00 p.m. to discuss a confidential Level III Disability Appeal.
MOTION ADOPTED UNANIMOUSLY

ADJOURNMENT
A MOTION was made by Sec. Johnson and seconded by Sec. Magarik to adjourn the meeting at 4:38 p.m.
MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

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