



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE  
JANUARY 24, 2022**

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on January 24, 2022. The meeting was held at 97 Commerce Way, Suite 201, in Dover; however, in the interests of protecting the citizens of this State from the public health threat caused by COVID-19, this meeting was presented via WebEx, and participants were encouraged to attend virtually.

Committee Members Represented or in Attendance:

Director Cerron Cade, Office of Management & Budget (“OMB”), SEBC Co-Chair  
Secretary Claire DeMatteis, Department of Human Resources (“DHR”), Co-Chair  
The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer (“OST”)  
The Honorable Trinidad Navarro, Insurance Commissioner, Department of Insurance (“DOI”)  
The Honorable Chief Justice Collins Seitz, Delaware Supreme Court  
Controller General Ruth Ann Jones, Office of the Controller General (“OCG”)  
Secretary Molly Magarik, Department of Health & Social Services (“DHSS”)  
Ms. Judy Anderson, Delaware State Education Association (“DSEA”) OBO Appointee of the Governor, Mr. Jeff Taschner, Executive Director, DSEA  
Mr. Keith Warren, Chief of Staff, Office of the Lieutenant Governor (OBO The Honorable Bethany Hall-Long, Lieutenant Governor)

Others in Attendance

Director Faith Rentz, Statewide Benefits Office (“SBO”), DHR	Ms. Julie Greenwood, University of Delaware
Deputy Director Leighann Hinkle, SBO, DHR	Ms. Jeanette Hammon, Sr. Fiscal Policy Analyst, OMB
Deputy Attorney General Adria Martinelli, Dept. of Justice (“DOJ”), SEBC Legal Counsel	Ms. Sandy Hart, IBM Watson Health
Mr. Chris Giovannello, Willis Towers Watson (“WTW”)	Deputy Attorney General Loren Holland, DOJ
Ms. Jaclyn Iglesias, WTW	Ms. Rachel Hollis, United Concordia Dental
Ms. Rebecca Warnken, WTW	Ms. Charlene Hrivnak, CVS Health
Mr. Peter Bandarenko, MetLife	Ms. Katherine Impellizzeri, Aetna
Mr. Lance Bartles, United Concordia Dental	Ms. Heather Johnson, Controller, DHR
Ms. Wendy Beck, Highmark Delaware	Mr. Jamie Johnstone, Deputy Principal Assistant, Dept. of Finance (“DOF”)
Ms. Christina Bryan, Delaware Healthcare Association	Mr. Todd Kreider, United Concordia Dental
Ms. Rebecca Byrd, ByrdGomes	Ms. Lizzie Lewis, 302 Strategies
Ms. Michelle Carpenter, PHRST	Ms. Lisa Mantegna, Highmark Delaware
Ms. Julie Caynor, Aetna	Mr. Walt Mateja, IBM Watson Health
Mr. Tim Constantine, Highmark Delaware	Ms. Mary Kate McLaughlin, Barnes & Thornburg LLP
Dr. Jessilene Corbett, Deputy Secretary, DHR	Mr. Sean McNeeley, Director of Bond Finance, DOF
Mr. Steven Costantino, Dir. Healthcare Reform, DHSS	Mr. Paul Miller, BeneCare
Ms. Cherie Dodge Biron, Deputy Principal Asst., DHR	Mr. Nick Moriello, Highmark
Ms. Sara Dunlevy, CVS Health	Mr. Michael North, Aetna
Mr. Mark Engleman, BeneCare	Ms. Kim Pinkerton, United Concordia Dental
Ms. Jacqueline Faulcon, READAA	Ms. Carrie Schiavo, Delta Dental
Mr. Greg Fisher, United Concordia Dental	Mr. Robert Scoglietti, Deputy Controller General, OCG
	Mr. Lee Serota, BeneCare

**STATE OF DELAWARE STATEWIDE BENEFITS OFFICE**

Mr. Charles Simons, Highmark Delaware  
Ms. Carrie Schiavo, Delta Dental  
Ms. Judy Shock, Deputy Principal Assistant, OMB

Ms. Martha Sturtevant, Exec. Sec., SBO, DHR –  
Recorder  
Ms. Ashley Tucker, Deputy State Court  
Administrator, Admin Office of the Courts

**CALLED TO ORDER – DIRECTOR CADE, CO-CHAIR**

Director Cade called the meeting to order at 2:00 p.m.

**APPROVAL OF MINUTES – DIRECTOR FAITH RENTZ, DHR, SBO**

A MOTION was made by Secretary Magarik and seconded by Controller General Jones to approve the minutes from the December 13, 2021, meeting of the State Employee Benefits Committee.

MOTION ADOPTED UNANIMOUSLY

**DIRECTOR'S REPORT – DIRECTOR FAITH RENTZ, DHR, SBO**

Affordable Care Act 1095 Reporting for CY2021

The deadline for IRS Forms 1095-C and 1095-B is March 2, 2022. Form 1095-C is for state employees who are full-time and/or enrolled in the GHIP. Form 1095-B is for state retirees and participating group employees/retirees enrolled in health coverage.

Testing has been approved for both forms. PHRST is working through its data validation process and once completed, will send production files to the print vendor. The State is on schedule to meet this requirement.

GHIP Coverage of Over the Counter COVID-19 Tests

On January 10, the Biden Administration finalized guidance for commercial insurance coverage of over-the-counter (OTC) COVID-19 tests, for personal use only, without a prescription at a \$0 member cost-share, effective January 15, 2022. The guidance requires plans to cover the cost of FDA-approved OTC COVID-19 diagnostic tests without a prescription. Group Health Insurance Plan (GHIP) members must be reimbursed for up to eight FDA-approved OTC tests per month.

This requirement applies only to the GHIP commercial population (active and non-Medicare retirees); however, the GHIP has the option to include the Medicare retirees in coverage. With approval by the SEBC Co-Chairs, the GHIP will comply with this requirement by providing coverage to both the commercial (active/non-Medicare) and Medicare populations and only through the GHIP CVS pharmacy benefit (not through Aetna/Highmark coverage) as this will allow the SBO to track and ensure reimbursement by a member does not exceed the required number of tests per month.

Members may submit for Direct Member Reimbursement for OTC COVID-19 tests without a prescription after purchase, starting January 15, 2022, until the end of the Public Health Emergency (PHE). Members can upload a copy of their receipt of the OTC COVID tests purchased via Caremark.com to submit for reimbursement or submit a paper claim. Member will be reimbursed, and the plan will pay the full retail price paid by the member.

CVS/SilverScript Medicare Retiree Transition Update

The status of the transition is tracking as expected. There were 25,633 State of Delaware and 2,084 participating group Medicare pensioners impacted by the change effective January 1, 2022. The only notable plan design issue uncovered was a coding discrepancy related to \$0 diabetic products. Several diabetic supply categories were not coded for processing at the point of sale with no copay. CVS Health is working to update the system coding which is expected to be completed by February 1, 2022. Any member that was incorrectly charged a copay will be refunded.

IBM Sale of Watson Health Business

IBM announced on January 21, 2022, a deal to sell the healthcare data and analytics assets from its Watson Health business to a venture capital firm Francisco Partners. This directly impacts the GHIP which entered into a new contract on July 1, 2021, with IBM for these services. Updates will follow as SBO learns more about the transition.

*Treasurer Davis joined the Meeting*

SEBC Subcommittees Update

Both Subcommittees met on January 20, 2022, to review and discuss the care management offerings included in the Aetna and Highmark Request for Proposals (“RFP”). There was also a review of the Medicare plan options with further discussion on the Medicare products scheduled for the February and March meetings.

**DENTAL PLAN RFP CONTRACT AWARD RECOMMENDATIONS – MS. JACLYN IGLESIAS, WTW**

There was a recap of the Dental Plan RFP recommendation from the Proposal Review Committee (“PRC”):

Eligible GHIP plan participants have the option to enroll in two dental plans, a DHMO administered by Dominion Dental and a DPPO administered by Delta Dental. Current contracts with both dental carriers will expire on June 30, 2022.

The Dental benefit is voluntary and 100% of the premiums are paid by employees/pensioners; there is no cost-share with the state.

Since FY17, enrollment in the DHMO Plan has decreased incrementally each year and enrollment in the DPPO has increased incrementally each year.

The Dental RFP evaluated several key elements of the State’s dental plan offerings including the optimal mix of dental plans offered to participants (e.g., offering alternatives such as an option for DPPO with reduced coverage for a lower premium), opportunities to offer enhanced plan provisions without significant increases to plan premiums, clinical integration and focus on broader health topics such as opioid prescription drug management and enhanced benefits for certain conditions (e.g., diabetes), and innovative use of technology engagement solutions for virtual dentistry. The impact on plan participants in terms of premium cost, and potential provider disruption were also important considerations.

Assignment of Benefits (“AOB”) was a key area that was evaluated in the DPPO Plan. The Dental RFP explored potential future implications of retaining this provision on the state’s contract with a dental carrier and the plan premiums.

The Committee reviewed a high-level summary of feedback from participants and potential participants of the state’s dental plan offerings. Highlights of the feedback included concern regarding the availability of providers in Sussex County and the adequacy of DPPO plan design provisions relative to the premium cost.

The Dental RFP was posted on September 14, 2021, and bid responses were due by October 15, 2021. Responses were received by five bidders: BeneCare, Delta Dental, Dominion National, MetLife, and United Concordia. The PRC met several times to review responses and interview bidders between November 15 and December 6, 2021, and met on January 10, 2022, to finalize scoring and confirm recommendations.

The PRC voted affirmatively on the following recommendations:

**DHMO:**

Of a total of 125 points, the scores by bidder were as follows: United Concordia Dental scored 90.3, Dominion National scored 89.1, and BeneCare scored 72.3.

The PRC discussed the potential limitations of awarding the DHMO to the highest-ranked bidder considering the bidder's requirements for other plan options offered alongside the DHMO, which the PRC believed did not align with the best interests of plan participants.

For the second-highest ranked bidder, the PRC agreed that the option to match the current DHMO design was preferable to Dominion National's proposed DHMO alternative plan option, which would reduce orthodontia coverage for children and adults and could create disruption since the alternative DHMO uses a different provider network.

The PRC also considered concerns related to the continued decline in enrollment in the DHMO plan, which may be driven by a variety of factors including a decline in the number of participating dental providers, most notably in Sussex County, the desire among some plan participants to pay for dental services entirely out-of-pocket or using a flexible spending account instead of paying dental insurance premiums, and the availability of other dental coverage for plan participants through a spouse. Further, shifts in employment because of the ongoing COVID-19 pandemic may also influence the availability of other dental coverage through a plan participant's spouse. The PRC recognized that these and other factors influencing participants' enrollment in the DHMO are difficult to quantify and may not be possible to measure.

The PRC agreed that if the State Employee Benefits Committee (SEBC) wishes to continue offering a DHMO plan, then based on all the above factors and the bidders' DHMO proposals, Dominion National may be the strongest candidate for offering a DHMO benefit that matches the current DHMO plan.

Director Cade and Secretary DeMatteis queried how provider participation was scored among each bidder. Ms. Iglesias responded that bidders were asked to submit data about their provider networks, specifically the composition and the scope of their active network in Sussex County. Additionally, Industry Standard Access Parameters were used to evaluate the breadth of the network across various network providers.

Secretary Magarik asked the Committee to consider whether it is administratively practical to continue offering two types of plans noting the dwindling enrollment in the DHMO plan and participant concerns regarding provider access.

Director Rentz offered for consideration the lower cost of premiums and no annual out-of-pocket maximums, and that long-term participants in the DHMO Plan have an established relationship with their provider. She added that DHMO participating providers cannot balance bill members.

**DPPO:**

Of a total of 125 points, the scores by bidder were as follows: Delta Dental scored 93.4, United Concordia Dental scored 87.3, Dominion National scored 82.5, MetLife scored 77.8, and BeneCare scored 76.0.

Bidders were asked to articulate the conditions in which they would be willing to allow their proposed DPPO plan option(s) to be offered as the sole DPPO dental insurance carrier or alongside another DPPO dental insurance carrier, which the PRC considered in determining its recommendations.

Upon review of the proposed DPPO plan options, while the PRC saw merit in the alternatives proposed by bidders, the PRC agreed that none of the allowable single or multiple carrier options provided a solution that

simultaneously addressed concerns about member cost-sharing (for both premiums and cost at the point of service), provider access and disruption in a manner that was preferable to continuing the current DPPO plan design with the incumbent. While the PRC considered an option of offering two DPPO plans, this was not recommended because the carrier options did not provide a meaningful difference in coverage. Delta Dental agreed to lower current premiums by 3.5% and a network provider recruitment guarantee to bolster the robustness of its provider network in Sussex County. While other bidders proposed lower premiums and/or similar provider recruitment guarantees, the PRC agreed that those elements were not sufficient to warrant the potential limitations in provider access and/or disruption that could result in adopting those proposals.

The PRC also discussed whether to retain the AOB provision in the future DPPO contract, which would allow non-participating dentists to receive AOB for covered services if a signed attestation from a State plan participant is submitted with any claims for covered services. After considering the historical impact of this provision on DPPO network provider participation along with the potential impact on plan participant satisfaction, the PRC was in support of retaining this provision in the future DPPO contract with continued monitoring of the impact on the network.

Based on the above, the PRC recommends awarding Delta Dental a contract to administer a DPPO plan based on the current DPPO plan design. The PRC also recommends retaining the Assignment of Benefits provision in the DPPO contract, with ongoing monitoring of the impact on provider participation in the DPPO network.

For the award of a contract pursuant to the RFP for Group Dental Insurance, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:

If the State Employee Benefits Committee wishes to continue offering a DHMO plan, then the PRC recommends a contract award of the DHMO plan matching the current plan design to Dominion National for an initial three-year term effective July 1, 2022, through June 30, 2025, with two optional one-year period extensions. Such award shall be subject to the approval of the Department of Technology and Information and Department of Insurance and a finalized contract which shall include performance guarantees.

The PRC recommends a contract award of the DPPO plan matching the current plan design to Delta Dental for an initial three-year term effective July 1, 2022, through June 30, 2025, with two optional one-year period extensions. Such award shall be subject to the approval of the Department of Technology and Information and Department of Insurance and a finalized contract which shall include performance guarantees and an Assignment of Benefits provision.

The Committee discussed the necessary timing of awards before the expiration of current contracts. The Committee considered the difference in premiums between plan offerings, and that not every employee can pay the out-of-pocket costs for dental benefits considering the diversity of paygrades. The Committee considered that it would be disruptive to DHMO participants to migrate to a DPPO plan.

Chief Justice Seitz queried whether data was available comparing dental benefit premiums against total compensation. Director Rentz responded that a study had not been done.

A MOTION was made by Secretary DeMatteis and seconded by Secretary Magarik to accept the recommendation of the Proposal Review Committee to award the Dental Third-Party Administrator Request for Proposal to:

- a) Dominion National an initial three-year term for an effective contract date of July 1, 2022, through June 30, 2025, for the administration of the DHMO Plan with two optional one-year period extensions.
- b) Delta Dental an initial three-year term for an effective contract date of July 1, 2022, through June 30, 2025, for the administration of the DPPO Plan with two optional one-year period extensions.

MOTION ADOPTED UNANIMOUSLY

**FINANCIALS – MR. CHRIS GIOVANNELLO, WTW**November Fund Report

November revenues included the last Express Scripts (“ESI”) rebate payment and the first CVS rebate payment for the Commercial population. CVS rebates are scheduled to be paid a quarter faster than ESI resulting in FY22 receiving five CVS rebate payments, rather than four as seen with ESI; November is the extra CVS rebate month.

The CVS rebate was less than budgeted due to lower than projected prescription claims. The EGWP rebate was higher than budgeted because of higher prescription claims in FY21 Q4. Additionally, a missed performance guarantee payment was received by ESI.

Claims were \$3.6M below budget for November and \$30.5M below budget YTD. The YTD Fund Equity balance has a positive variance to the budget of \$7.2M.

December Fund Report

The \$20.0M supplemental bill funding for COVID-19 was received in December. Total claims were higher than budget largely attributable to pharmacy claims; however, YTD claims are \$29.3M below budget.

The fund balance is \$164.3M and has a positive variance to the budget of \$25.6M.

Budget projections will be revised in February to provide a refresh of premium rate recommendations.

Director Cade queried whether the favorable claims experience had been captured in the projections. Mr. Giovannello responded that the projections had not been revised to include the favorable claims experience.

**GHIP LONG-TERM PROJECTIONS – MR. GIOVANNELLO, WTW**

The long-term projections presented to the Committee in December 2021, reflected an \$86.3M projected deficit in FY23; this projection included \$15.8M in potential federal COVID-19 funding relief (CARES Act) based on claims through October. This reimbursement has been approved and is expected to be received into the fund on a date to be determined in the next several months. There is potential for additional federal reimbursements for November and December claims.

Secretary DeMatteis stated that the state is prepared to allocate a projecting run rate of federal funding available to assist with increased state employee healthcare costs related to COVID-19.

December projections included savings from initiatives expected to be voted on by the SEBC by February 28, 2022, including, the PRC award recommendations from medical TPA RFP (approved December 13, 2021), the reinstatement of member cost-sharing for telehealth visits with community providers (vote pending) the implementation of CVS Drug Savings Review program (vote pending), and the implementation of CVS Transform Diabetes Care program (vote pending). Any initiative not implemented for FY23 will increase the projected deficit.

Budget projections, and subsequent revisions to the recommended rate action, will be revised after a review of the December and January claims experience. The Committee will vote on FY23 rate action at the meeting on February 28, 2022.

Director Cade queried what impact the Medicare Advantage vote would have on the budget projections. Mr. Giovannello responded that the vote regarding what plan will be offered to the Medicare population will not take place until the Committee meets on March 14, 2022; however, projections are being prepared for the meeting on February 28, 2022, to illustrate the potential savings for each option being considered by the Committee.

The trend assumption is 5% medical and 8% pharmacy, and 5.7% net overall.

Sec Magarik queried whether record numbers of hospitalizations being reported would be factored into the revised projections. Mr. Giovannello responded that experience has not reflected a larger increase in COVID-19 claims but funding is expected through CY22; however, long-term costs remain largely unknown.

Potential rate action should also consider the following factors not reflected in GHIP long-term projections:

- the Governor's Recommended Budget to be released January 27, 2022, and any implications it may have on potential rate action
- potential additional COVID-19 funding relief through CARES Act or ARPA funds (cost decrease TBD)
- cost associated with coverage of OTC COVID-19 testing (cost increase TBD)
- outstanding medical TPA RFP decisions (cost impact TBD) including care management models through Aetna/Highmark non-Medicare plans, including whether to retain or waive the PCP referral requirement for HMO plan, adoption of any add-on/buy-up programs and potential implementation of Everside Health primary clinics for Aetna plans
- Senate Substitute 1 for Senate Bill 120 regarding primary care investments and affordability standards (cost increase TBD)
- Senate Bill 25 regarding chiropractor reimbursement (cost increase TBD)
- enhanced coverage for anti-obesity medications (cost increase TBD)

There was a recap of the budget presented in December.

Current long-term projections reflect a one-time \$23.3M COVID-19 expense reimbursement payment received in June 2021. Based on IBM Watson Health reporting of COVID-19 expenses through October 2021, an additional \$15.8M in COVID-19 expense reimbursements is expected to hit the Fund in FY22 or FY23. The long-term projections on the following pages reflect an additional \$15.8m in COVID-19 relief, projected to be received in FY23 that reduces the projected FY23 deficit to \$86.3M. If no other program changes, a 10.2% premium increase will be needed on July 1, 2022, to solve for the projected FY23 deficit of \$86.3M

A 10.2% premium increase yields approximately \$63M in State share revenue and \$8M in employee/pensioner revenue for the active/pre-65 retiree population.

Targeting a \$0 deficit by the end of FY25 requires an annual premium increase of 7.2% in FY23, FY24, and FY25 (in this scenario, the Fund would end FY23 and FY24 in deficit position after reserves). A 7.2% premium increase yields approximately \$44M in State share revenue and \$5M in employee/pensioner revenue for the active/pre-65 retiree population.

Secretary DeMatteis expressed her preference to smooth any required increase over three years.

Assuming no premium increases, FY22 would end with a surplus of \$17.6, and FY23 would end with a deficit of \$86.3M, increasing each additional year.

To fully solve for the deficit in FY23, a 10.2% increase effective July 1, 2022, results in employee contribution increases of \$2.84 - \$27.83 per employee per month (\$34.08 - \$333.96 per year) and a state subsidy increase of \$68.09 - \$183.70 per employee per month (\$817.08 - \$2,204.40 per year).

A 7.2% increase smoothed over three years effective July 1, 2022, results in employee contribution increases of \$2.00 - \$19.65 per employee per month (\$24.00 - \$235.80 per year) and a state subsidy increase of \$48.07 - \$129.67 per employee per month (\$576.84 - \$1,556.04 per year).

## **CY22 GOALS AND PRIORITIES – DIRECTOR CADE, OMB**

In Q1 of CY22, the Committee aims to finalize FY23 budget and program decisions including, the outstanding decisions from the Medical TPA RFP, decisions on other items recommended by Subcommittees and are pending SEBC vote, FY23 rate action to balance FY23 budget and review and finalize any changes to Medicfill plan (effective 1/1/2023).

In Q2-Q4 of CY22, the Committee aims to improve communications to members and stakeholders regarding the importance of aligning increases in health premiums with growth in health care spending. The Committee will also revisit progress toward SEBC goals for the State Employee Group Health Insurance Plan including, increasing the allocation of medical spending to providers who are compensated for the quality, not quantity, of care delivered, reducing costs for plan participants with diabetes, limiting health care cost inflation through targeted reduction in high cost, low-value services, and providers, and offer and increase engagement in tools that help plan participants use their health care benefits effectively.

**OTHER BUSINESS**

No new business was presented.

**PUBLIC COMMENT**

The public did not present further comments.

**EXECUTIVE SESSION**

A MOTION was made by Secretary DeMatteis and seconded by Secretary Magarik to move into Executive Session at 3:14 p.m. to discuss a Disability Appeal.

MOTION ADOPTED UNANIMOUSLY

**ADJOURNMENT**

A MOTION was made by Secretary DeMatteis and seconded by Secretary Magarik to adjourn the Public Session at 3:49 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