



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
June 27, 2022**

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on June 27, 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”), SEBC Co-Chair
The Honorable Trinidad Navarro, Insurance Commissioner, Department of Insurance (“DOI”)
Secretary Molly Magarik, Department of Health & Social Services (“DHSS”)
Mr. Jeff Taschner, Executive Director, Delaware State Education Association (“DSEA”)
Mr. Keith Warren, Chief of Staff, Office of the Lt. Governor (Designee OBO Lt. Governor Bethany Hall-Long)
The Honorable Chief Justice Collins Seitz, Delaware Supreme Court)
Mr. Robert Scoglietti, Deputy Controller General, OCG, (Designee OBO Controller General Ruth Ann Jones, Office of the Controller General (“OCG”))

Committee Members Not Represented or in Attendance:

The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer (“OST”)

Others in Attendance

Director Faith Rentz, Statewide Benefits Office (“SBO”), DHR	Ms. Cherie Dodge Biron, Deputy Principal Asst., DHR
Deputy Director Leighann Hinkle, SBO, DHR	Ms. Teresa Doggett, University of Delaware
Ms. Nina Figueroa, SBO, DHR	Ms. Julie Greenwood, University of Delaware
Mr. Aaron Schrader, SBO, DHR	Ms. Jeanette Hammon, Sr. Fiscal and Policy Analyst, Office of Management & Budget (“OMB”)
Ms. Adria Martinelli, Deputy Attorney General, Department of Justice, SEBC Legal Counsel	Ms. Sandy Hart, IBM Watson Health
Ms. Jaclyn Iglesias, WTW	Ms. Charlene Hrivnak, CVS Health
Mr. Brian Stitzel, WTW	Ms. Heather Johnson, Controller, DHR
Ms. Gabby Costagliola, WTW	Ms. Elisabeth Lewis, 302 Strategies
Ms. Joanna Adams, Pension Administrator, Office of Pensions (“OPen”)	Mr. Dan Madrid, Chief Operating Officer, OST
Ms. Wendy Beck, Highmark Delaware	Ms. Lisa Mantegna, Highmark Delaware
Ms. Christina Bryan, Delaware Healthcare Association	Ms. Brooke Nedza, Aetna
Ms. Rebecca Byrd, ByrdGomes	Mr. Anthony Onugu, United Medical
Ms. Michelle Carpenter, PHRST	Ms. Paula Roy, Roy Associates
Ms. Jeanie Carson, Highmark Delaware	Ms. Judi Schock, Deputy Principal Assistant, OMB
Ms. Julie Caynor, Aetna	Ms. Katherine Impellizzeri, Aetna
Dr. Jessilene Corbett, Deputy Secretary, DHR	Mr. Michael North, Aetna
Mr. Steven Costantino, Dir. Healthcare Reform, DHSS	Ms. Evelyn Nestlerode, Deputy State Court Administrator
	Mr. Matthew Rosen, Office of the State Treasurer
	Ms. Carole Mick, SBO, DHR – Recorder

CALLED TO ORDER – DIRECTOR FAITH RENTZ, DHR, SBO

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

Director Rentz called the meeting to order at 2:03 p.m.

APPROVAL OF MINUTES – DIRECTOR FAITH RENTZ, DHR, SBO

A MOTION was made by Secretary Magarik and seconded by Commissioner Navarro to approve the minutes from the May 23, 2022, meeting of the State Employee Benefits Committee.

MOTION ADOPTED UNANIMOUSLY

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

Medicare Advantage Implementation

A second mailing went out to all GHIP Medicare retirees on June 21st and 22nd which included a comprehensive highlights document customized by Highmark. Highmark mailed this document directly to all Medicare retirees enrolled Medicfill with prescription coverage. The SBO and OPen included that same document in letters to Medicare retirees not enrolled in Medicfill and those only enrolled in Medicfill without prescription coverage.

The next mailing is scheduled for July 11th, 2022 and will be sent from Highmark to the entire Medicare retiree population to notify them of the August onsite education sessions. Highmark and CVS SilverScript will have representatives in attendance and attendance requests have been sent to DOI Medicare Assistance Bureau and Social Security Administration. Each county will have two sessions in early August. Details have been posted on the SBO website and Office of Pensions site.

Chief Justice Seitz asked if the Medicare mailings he has been receiving apply to just retirees or for the entire population of eligible State employees? Ms. Rentz responded at this point the mailings are targeting those that are eligible for Medicare retiree benefits and would like to follow up directly with Chief Justice Seitz.

Health Policy/Legislative Updates

The DHR Workplace Wellness policy has been finalized and posted on the DHR Policies and Procedures page. Executive branch employees were notified through a communication from Secretary DeMatteis. Assignments for training on the policy were made to employees through the Delaware Learning Center.

Senate Bill 309, Chiropractic Care Bill, has passed in both chambers and awaits signature by the Governor with an effective date of January 1st, 2024. It requires the GHIP to provide coverage for maintenance chiropractic care. SBO Administrator's, Aetna, and Highmark did not have any concerns about compliance with the bill. Estimated impact of the bill is \$55K annually.

Senate Bill 316 requires the GHIP to cap costs for diabetic test strips and meters at no more than \$35 per member per month. Concerns were addressed with a Senate amendment. The bill's effective date would be 6 months after enactment. Fiscal impact is approximately \$15K annually.

House Bill 303 mandates coverage of a behavioral health well check visit annually with a licensed behavioral health provider. If passed, it will take effect January 1st, 2024, and the financial impact is \$2.4M annually.

Mr. Taschner asked, regarding House Bill 303, what are the underlying assumptions for the \$2.4M and expected usage by plan participants? Ms. Rentz responded that the assumptions were made by Highmark and Aetna. Aetna used their book of business for mental and behavioral health services. Highmark used the GHIP's physical preventive care visits and applied that logic that the same members that receive physical care would use the mental health preventive care. Mr. Navarro added, does this bill still include CPT codes? Ms. Rentz responded no and there is an implementation advisory council that will be formed that will establish the criteria including services and codes.

FINANCIALS – MR. BRIAN STITZEL, WTW

May Fund Equity Report

Total operating revenues were 13M below budget because the CVS rebate was received in June instead of May which totaled \$9.7 million. Operating expenses were favorable this month (\$98M vs. \$101.6M expected). Net Operating expenses ran a deficit for May of \$3M and leaves a fund equity balance of \$158.5M.

Mr. Taschner asked, year-to-date looking at all the claims, which are running below budget, what is driving the claims volume to be so low? Mr. Stitzel responded that the budget had assumed only \$5M of COVID reimbursement and actual is \$29M. Director Cade asked how often are prescription rebates incurred? Mr. Stitzel responded that the rebates are incurred and paid quarterly.

HEALTH CARE TRENDS AND BENEFITS MODERNIZATION – MS. JACLYN IGLESIAS AND MR. BRIAN STITZEL, WTW

Ms. Iglesias reviewed opportunities for the SEBC to evaluate new and emerging benefits and services to determine which will be financially feasible and add value. The pandemic's toll on employee health and wellbeing is prompting employers to modernize their benefits strategy to meet present-day workforce needs. Employers continue to face significant exit risk among employees; however, health benefits can be a differentiator in retention.

The WTW Global Benefits Attitudes Survey concluded that employees are looking for new opportunities or at risk for leaving. Health benefits is among the top three benefits-related reasons why employees choose to leave their employer. Research also shows that benefit needs and preferences among employees vary by cohort. Employers are conducting reviews of their benefits through a diversity, equity, and inclusion lens to identify gaps in benefits and improve employee experience. There is a disconnect between priorities for improving benefits, with employees placing higher value on employers using listening strategies to understand the employee preferences. Organizations are using qualitative and quantitative data to determine impactful areas to allocate existing benefits investment.

Mr. Stitzel explained that the State offers rich non-Medicare retiree benefits, with Active and non-Medicare retirees being rated in one risk pool. WTW survey data indicates employees are looking for choice and flexibility by value and cost. Mr. Stitzel reviewed the current plan designs, structure of the benefits, and overall benefit value that is currently offered today.

Commissioner Navarro asked, is the assumption that people move to the richer benefits as they get older and have more extensive health needs? Mr. Stitzel responded that, yes, that is the trend, and another factor is that there is not a large contribution differential between the plans.

Ms. Iglesias reviewed opportunities that the SEBC could evaluate benefits further. One opportunity is to underwrite the medical plans separately by risk-pool which would eliminate the cross-subsidization issue. Active employee premiums would decrease, which could allow the State to reinvest a portion of current funding in other employer-sponsored benefits. The SEBC can consider alternatives to mitigate financial impact on pre-65 retirees or move to a "defined contribution" approach where the State contributes a fixed amount per plan participant. Employee listening and a Diversity, Equity and Inclusion benefits review could be leveraged to identify benefits preferences and gaps for underserved populations. The SEBC can explore options to retain some choice in how the State's investment is applied to their own individual needs.

Secretary DeMatteis asked if there are other ways to reinvest that surplus back into the employee. Such as, paying off student loans. Mr. Taschner added that the differentiation between what the State pays is very small compared to what the employee pays. The State pays relatively the same no matter which plan the employee picks. Director Cade added, if there is not much a difference in what the State pays, does the State want the

employees to choose the richer plans. Mr. Stitzel responded that there are a few factors involved: plan benefits are very similar, the differential in cost to the employee/employer is not significant, employees are not in the correct plans, and employees are over-insured based on actual needs. Secretary Magarik added that there is so little cost share, and it doesn't deter people away from using the richer plans and benefits. Mr. Taschner responded, employees are often paying too much for plans and are not making the most informed decisions when there is a better option for their needs.

SBO and WTW can work with the Subcommittees to evaluate options for benefits modernization. Recommendations would be brought before the SEBC in early 2023, which would include timing for phased-in approach starting with the FY24 plan year.

OTHER BUSINESS

No new business was presented.

PUBLIC COMMENT

No public comment.

ADJOURNMENT

A MOTION to adjourn was made by Secretary DeMatteis and seconded Mr. Taschner to adjourn the Public Session at 2:56 p.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

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