Statewide Benefits Office
Benefits Made Easy

MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
September 19, 2022

The State Employee Benefits Committee (the "Committee") met at 2:00 p.m. on September 19, 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
Secretary Molly Magarik, Department of Health & Social Services ("DHSS")
Mr. Jeff Taschner, Executive Director, Delaware State Education Association ("DSEA")
The Honorable Bethany Hall-Long, Office of the Lt. Governor
Controller General Ruth Ann Jones, Office of the Controller General ("OCG")
The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer ("OST")
The Honorable Chief Justice Collins Seitz, Delaware Supreme Court
Mr. Stuart Snyder, Chief of Staff, Department of Insurance ("DOI") (OBO of Insurance Commissioner Trinidad Navarro)

Others in Attendance

Director Faith Rentz, Statewide Benefits Office ("SBO"), DHR
Deputy Director Leighann Hinkle, SBO, DHR
Ms. Kelly Cochran, SBO, DHR
Ms. Marie Hartigan, SBO, DHR
Mr. Aaron Schrader, SBO, DHR
Ms. Caryn Shetzler, SBO, DHR
Ms. Samantha Mountz, SBO, DHR
Ms. Dawn Warman, SBO, DHR
Ms. Mary Bradley, SBO, DHR
Ms. Adria Martinelli, Deputy Attorney General, Department of Justice, SEBC Legal Counsel
Ms. Chris Giovannello, WTW
Ms. Rebecca Warnken, WTW
Ms. Jaclyn Iglesias, WTW
Mr. Brian Stitzel, WTW
Mr. Steven Costantino, Dir. Healthcare Reform, DHSS
Ms. Jeanette Hammon, Sr. Fiscal and Policy Analyst, OMB
Mr. Matt Rosen, Senior Policy Advisor, Office of the State Treasurer
Mr. Robert Scoglietti, Deputy Controller General, OCG
Ms. Ashley Tucker, Deputy State Court Administrator, Admin Office of the Courts
Ms. Judy Anderson, DSEA
Ms. Judi Schock, Deputy Principal Assistant, OMB
Ms. Joanna Adams, Pension Administrator, Office of Pensions ("OPen")
Mr. Keith Warren, Chief of Staff, Office of the Lt. Governor
Secretary Rick Geisenberger, Department of Finance
Ms. Carla Cassell-Carter, OMB
Dr. Jessilene Corbett, Deputy Secretary, DHR
Ms. Elisa Diller, Administrative Services Officer
Ms. Cherie Dodge Biron, Director, Financial & Administrative Services, DHR
Ms. Julie Greenwood, University of Delaware
Ms. Gisela McKenzie, University of Delaware
Ms. Kathy Nedelka, HRIS Specialist, PHRST, OMB
Mr. Nathan Roby, Deputy Principal Assistant for the Department of Finance
Mr. Ja'na Tate, Office of the Lt. Governor
Ms. Naomi Poole, City of Dover
Ms. Chantelle Riley, City of Dover
Ms. Wendy Beck, Highmark Delaware
Ms. Jeanie Carson, Highmark Delaware
Ms. Sara Dunlevy, CVS Health
Ms. Charlene Hrivnak, CVS Health
Ms. Katherine Impellizzeri, Aetna
Mr. Michael North, Aetna

Mr. Adam Knox, Highmark Delaware
Ms. Lisa Mantegna, Highmark Delaware
Ms. Tammy Rivera, Delta Dental
Mr. Charles Simons, Highmark Delaware
Ms. Paula Roy, Roy Associates
Ms. Christine Schiltz, PGS Legal
Mr. Wayne Smith, DHA
Mr. Walter Mateja, Merative
Ms. Sandy Hart, Merative
Ms. Lizzie Lewis, 302 Strategies
Mr. Joe Edelen, Independent Newsmedia Inc.
Ms. Meredith Newman, Delaware Online
Ms. Helen Foss, Retiree
Mr. Tom Gallagher, Retiree
Ms. Alma Harder, Retiree
Ms. Linda Hardy, Retiree
Ms. Lynda Hastings, Retiree
Ms. Teri Kaplan, Retiree
Mr. Tom Pledgie, Retiree
Representative John A. Kowalko
Mr. Steve Lepage, Retiree
Ms. Christine Long, Retiree
Ms. Quinn Marvel, Retiree
Ms. Mary McDonough, Retiree
Ms. Natalie McKenney, Retiree
Mr. Parker McMullen, Retiree
Mr. Robert Meade, Retiree
Ms. Karen Peterson, Retired Senator
Ms. Joanne Pohlen, Retiree
Ms. Dorothy Brabson, Retiree
Ms. Ginny Rulon, Retiree
Ms. Patricia Clark, Retiree
Mr. Robert Clarkin, Retiree
Ms. Nancy Colley, Retiree
Ms. Georgia Saum, Retiree
Ms. Rebecca Scarborough, Retiree
Ms. Ellen Scarpitti, Retiree
Mr. Keith Steck, Retiree
Ms. Sue Weymouth, Retiree
Ms. Carole Mick, SBO, DHR – Recorder

CALLED TO ORDER – DIRECTOR CADE, OMB
Director Cade called the meeting to order at 2:04 p.m.

APPROVAL OF MINUTES – DIRECTOR CADE, OMB
A MOTION was made by Mr. Taschner and seconded by Secretary Magarik to approve the minutes from the August 22, 2022 meeting of the State Employee Benefits Committee.
MOTION ADOPTED UNANIMOUSLY

DIRECTOR'S REPORT – DIRECTOR FAITH RENTZ, DHR, SBO
The benefits modernization initiative has been postponed and the associated employee survey is targeted to be released in early 2023 instead of November 2022. This will allow the SBO to focus on the Medicare Advantage program and implementation, as well as the new programs that will be offered by Hinge Health and SurgeryPlus. The combined Subcommittees met last week (September 15th, 2022) to explore further plan design updates. Discussion will continue over the next several months and eventually full recommendations will be developed and presented to the full Committee in 2023.

UPDATE ON OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY – SECRETARY GEISENBERGER, DEPARTMENT OF FINANCE
Secretary Geisenberger provided an overview of the purpose of the Retirement Benefits Study Committee (RBSC) and how it was established. Governor Carney re-established the RBSC by Executive Orders 34 and 51. There are approximately thirteen members of that committee that are made up of representation from each General Assembly caucus. The initiative of the committee is to study post-retirement healthcare benefits to educate themselves and the public on the State's multimillion dollar unfunded OPEB liability and to assess the feasibility and desirability of other options for reducing or bending the growth of this unfunded liability with a focus on fairness, ease of administration, labor market impacts and competitiveness, transparency, and fiscal impacts. The committee has met 12 times since September 2019 and has issued two initial reports (November 2021 and March 2022) to Governor Carney, the General Assembly and DEFAC.

The RBSC findings were that the State's unfunded liability could not be solved with a single change, but it is feasible to fix this problem over time with several changes. The combination of enhanced funding and benefit reforms provides the most effective reduction in future unfunded liability. The next report will be in March 2023.

The OPEB liability is the present value of future retiree healthcare benefits and includes all eligible participants (Medicare retirees, pre-Medicare retirees, enrolled actives, and spouses/dependents). Inflation assumptions and discount rates are also included in the liability calculations. Other states do have OPEB liability, and it fluctuates in the amount. At the end of 2021, Delaware's OPEB liability was up to $10.8B.

Secretary Geisenberger reviewed the Fiscal Year 2021 actuarial valuations spreadsheet, which is what would be needed to solve for the liability solely by funding. The current annual required contribution (ARC) is $784.3M which is three times the funding from all other sources that contribute towards the State's retiree healthcare funding. From the perspective of national bond rating agencies, Delaware ranks very well in comparison to other states based on our governance, constitutional statutory spending rules, management of cash, and management of the pension fund. However, where Delaware does not perform favorably is with its long-term liabilities. Delaware has among the highest fixed costs to fund its liabilities as a percentage of revenue ranking 41st in the Nation. Fixed costs to fund pension liabilities are generally lower than most states and fixed costs to fund debt service are slightly higher than most states. However, Delaware's OPEB liability is extraordinarily high by any measure. Fixed costs as a percentage of revenue to fund the State's retiree health care liability place Delaware in the last decile among the states. And Delaware's adjusted net OPEB liability relative to State personal income ranks 48th nationally.

Secretary Geisenberger explained that it is important to reduce the OPEB liability to the State and its employees and retirees because the State has limited financial resources and the OPEB pay-go costs are fixed expenses. Current and future retiree health care costs can crowd out the opportunity for future pay raises. The OPEB funding should be linked to the period of current employment. If costs become unsustainable then benefits can be impaired. However, with reforms in place, it can provide improved quality, preventative services, and improved health outcomes. The State of Delaware's OPEB liability has been noted as a credit concern by ratings agencies, which could downgrade Delaware's credit rating; higher credit ratings will result in lower borrowing costs.

Secretary Geisenberger reviewed the RBSC recommendations that were presented and are noted in its March 2022 report. These recommendations have been approved and are being rolled out. The recommendation to increase funding for the OPEB trust fund and adopt a substantial increase in recurring funding by incorporating a 1% carveout within the State's Benchmark Appropriation, providing an additional one-time contribution when circumstances permit. A recommendation was to also implement the Group Medicare Advantage (MA) plan based on the SEBC's evaluation of the evolving MA market in Delaware yielding very competitive carrier proposals with benefits comparable to existing Medicfill plan. The RBSC supports the SEBC's rollout in 2022 of MA plan for Medicare-eligible retirees effective January 1, 2023.

The following recommendations are still being considered and will not affect current retirees.

- There is the consideration of Health Reimbursement Arrangements (HRAs) in the future. The committee recommended monitoring realized savings and public employer trends over the next 5 years to determine the potential future desirability and feasibility of moving to the individual marketplace, with retirees receiving an annual HRA to purchase coverage and use accumulated excess amounts for out-of-pocket health care expenses.
- The RBSC reviewed changes to eligibility years for State share and modifications to the eligibility schedule for State share/subsidy for those hired since 1/1/2007 to 20 years (50%), 25 years (75%) and 30 years (100%) after a certain effective date.
- Also under consideration is eliminating term deferred vested benefits and eliminating the ability to

access retiree medical benefits for vested employees that terminate their State service without filing with the Pension Office for retirement. This would apply to employees that terminate after a certain effective date and require employees in the future to retire from State service to receive the retiree medical benefit.

- Also under consideration is setting the minimum age to enroll on the retiree medical plan at 60 for State Employees and 55 for employees subject to a mandatory retirement age, providing a deferred benefit for those that retire prior to the minimum. This would apply after a certain effective date, for those that have not reached retirement eligibility status.
- Finally, also being considered are a review of the spousal subsidy for active spouses and reducing the State share/subsidy for spouses of retirees from 100% to 50% for future retirees after a certain effective date. There is no impact on current spouses of retirees. Secretary Geisenberger reviewed the actuarial prepared by Cheiron (State's OPEB actuary) for how to solve for the OPEB net liability in a 30-year period with the different recommendations that were reviewed.

Secretary Magarik commented about healthcare inflation outpacing regular inflation and that the State of Delaware was ranked third highest in healthcare costs (results reported from 2014). Secretary Geisenberger commented that these calculations are completed every year and takes into consideration different factors within the environment and any plan updates that are made. Director Cade added that these recommendations are warranted and need to be considered as the OPEB liability will continue to grow if action is not taken.

MEDICARE ADVANTAGE IMPLEMENTATION UPDATES – DIRECTOR FAITH RENTZ, DHR, SBO

Ms. Rentz reviewed the frequently asked questions document that has been provided and posted on SBO's website for Medicare-eligible retirees. Beginning January 1, 2023, the State of Delaware Group Health Insurance Plan (GHIP) will offer one Medicare plan option. The plan will be Highmark Blue Cross Blue Shield (BCBS) Delaware's Freedom Blue PPO Group Medicare Advantage (MA) Plan (with Part D prescription drug coverage through SilverScript). Ms. Rentz reviewed the out-of-pocket costs for the new MA Plan. In addition, the new plan provides the following additional benefits: the Silver Sneakers fitness program membership, help with managing members' health and wellness, and home meal service after a hospital discharge.

Ms. Rentz explained that the SEBC routinely reviews benefit options as required by the State's procurement process and the group MA plan was part of the broader review with the RBSC. The new plan matches benefits and out-of-pocket costs from the old plan, with added benefits and lower costs. The new MA plan (Medicare Part C) is an all-in-one alternative to the original Medicare plan and includes Medicare Parts A, B, and D. Medicare approves and pays the insurance company, Highmark, which must follow Medicare rules.

The new plan is only available to State of Delaware pensioners and has been specifically designed to provide the same coverage as the old plan (Special Medicfill). Enrollment in the MA plan means that Highmark assumes responsibility for all Medicare Part A and Part B services as long as the pensioner pays their Part B premium. Pensioners enrolled in another MA plan or Part D plan should contact the Office of Pensions. Pensioners enrolled in Special Medicfill without Prescription will receive instructions from the Office of Pensions. The new plan will be required to cover all services approved and available under Medicare Parts A and B throughout the three-year contract period. Prescription benefits will continue to be handled by SilverScript.

The new plan has been specifically designed to cover the same services as the old plan and includes the same SilverScript prescription coverage. Pensioners can see in-network or out-of-network providers if they accept Medicare; pensioners should call Highmark with any questions about their providers. While having a Primary Care Provider (PCP) is highly encouraged to help coordinate health care needs, it is not required under the new plan. Pensioners can still see non-participating providers as the new plan provides out-of-network coverage; the plan will reimburse out-of-network providers at 100% of the Medicare approved amount. Most providers in Delaware accept the new plan, and Highmark is outreaching to Delaware providers who are not participating to minimize disruption to members. Pensioners should call the Office of Pensions or Statewide Benefits Office if their provider says they are not accepting the new plan.

Prior approval for care and services may be required. The services requiring prior approval are detailed in the upcoming materials from Highmark. The approval rate for requests for prior approvals is 92%. The turnaround time for review of expedited cases is under two days and for standard cases is under five days. Prior approval is not required for emergency care and is not applicable for outpatient services until May 1st. The network is national, and pensioners can see any provider who accepts Medicare. This can be done by showing their provider their Highmark group MA ID card. Pensioners can call Highmark or use their online provider search tool for help finding a provider. Providers send prior approval requests and pre-visit coverage decisions directly to Highmark regardless of location.

Pensioners can opt out during Open Enrollment by contacting the Office of Pensions, but the new plan will be the only State of Delaware Medicare health plan option. Pensioners should not opt out if State of Delaware is their only coverage; pensioners will not receive the value of the premium for use in purchasing another plan, and in that scenario, dependents might lose eligibility for coverage under the State's plan. The State of Delaware Medicare Open Enrollment is October 3rd – 24th, 2022 for benefits effective January 1st, 2023.

Pensioners will receive Open Enrollment packets from the Office of Pensions, which were mailed on September 15th. Additional information will be sent from Highmark and will arrive in pensioner mailboxes in late September. These mailings are already posted on the Highmark website. Open Enrollment sessions will be held in each county during Open Enrollment. If a pensioner does not enroll this year, they will have the opportunity to enroll and disenroll every year during Medicare Open Enrollment. Pensioners who enroll during this year's Open Enrollment will not be required to go through medical underwriting or refused enrollment because of pre-existing conditions.

If a spouse is Medicare-eligible and offered an MA plan (or cash in lieu of coverage) by their former employer, they will be able to keep their current coverage or enroll in the State's MA Plan. If a spouse is enrolled in an employer sponsored Special Medicfill plan through a former employer, they should contact the Office of Pensions to discuss options. Pensioners will no longer use their red, white, and blue Medicare card and will receive a Highmark MA PPO ID card from Highmark in December 2022 to use for all medical care. Pensioners should continue to use their SilverScript ID card for prescriptions, so if a pensioner has this card, they should keep it. If a pensioner is not currently enrolled in a Part D plan, then they will receive a SilverScript ID card in December 2022.

The contract and performance guarantees (PGs) are being finalized and will be posted publicly once finalized. The PGs include requirements for detailed monthly reporting on prior approvals, denials and appeals, with financial penalties if not met. The premiums for the new plan are much lower for several reasons.

- The broad network of physicians are committed to preventive care and screenings
- Member engagement in care and disease management programs
- Tools and resources are available to help navigate care
- The SEBC sets premiums for all State plans based upon projected health and prescription plan expenses.

Ms. Rentz shared Highmark MA resources that pensioners can reach out to.

FINANCIAL UPDATE – MR. CHRIS GIOVANNELLO, WTW

Group Medicare Advantage Considerations

Mr. Giovannello reviewed the Medicare Advantage rates that will become effective January 1, 2023 through December 31, 2023. There is a $216.18 total premium rate for both medical and drug coverage for the post-65 medical and prescription plan. There are no changes to the contribution structure and the percentage received by the State share paid by the State. The dollar amount of the total monthly rates will be lowered to $216.18. All retirees will either continue to pay $0, or their dollar amount will be reduced.

The Medicfill premium rates for 2022 for Medical ($260) and Prescription Drug ($199) was $459 in total. For 2023, Medical ($0) and Rx ($216) premium rates total $216. The State has historically self-funded its medical and pharmacy programs for actives and retirees, meaning the State collects premium contributions that are set aside to pay for health care claims and administrative costs in the fiscal year. Rates for self-funded plans are set by the State (as voted on by the SEBC) and used exclusively to cover GHIP expenditures. For fiscal year (FY) 2023, an 8.67% rate increase was approved by the SEBC on March 14, 2022, to fund the projected deficit in FY23. (targeting $0 deficit by the end of FY23). Moving the Special Medicfill plan to the fully insured Highmark Group MA (medical only) plan transfers all risk from the State of Delaware. Highmark's $0 premium for the Group MA plan reduces the State's cost in-full for post-65 medical costs. previously funded entirely by the State and some retirees. A subsequent reduction in GHIP operating expenses reduced the State's FY23 operating budget as well as the rate action needed to solve for the FY23 deficit. The State will continue to self-fund the post-65 retiree drug plan; premiums for that plan will increase 8.67% on 1/1/2023 to $216.18, which is the premium used to cover projected drug costs after rebates and additional pharmacy revenues

The fully insured Highmark Group MA medical premium for 2023 is $0. The Special Medicfill costs for the medical program in FY22 were $60.1 million in paid claims, $6.1 million in administrative fees, and $66.2 million in total for FY22 costs for post-65 medical coverage. Moving from Special Medicfill to the Highmark Group MA plan (medical only) will reduce GHIP medical expenses for post-65 retirees to $0. Per House Bill 81, GHIP experience is pooled across statuses (actives and retirees) and plans, and rate increases are uniformly distributed across plans and coverage tiers. Due to this rating methodology, moving Special Medicfill to the Group MA plan (medical only) results in some premium contributions previously set aside to fund post-65 medical costs being allocated to other statuses and plans.

Mr. Taschner commented on a question that was asked at recent town hall meeting, which is: if the total premium cost is being reduced by 53%, there must be a loss somewhere in the plan. Mr. Taschner asked Mr. Giovannello to explain why there will not be a reduction in benefits even with the reduction in price and to explain the CMS reimbursement process. Mr. Giovannello explained that the risk is being transferred to Highmark and they are going to be taking on the decision-making for the risk of the plan. Highmark has administered the Medicfill plan for several years and they have the confidence to offer the $0 premium. The CMS funding pays MA plans to offer that coverage, and Highmark is expecting a certain amount of revenue from the government to cover the cost of the MA plan. From the State's perspective, the State was paying $66 million on medical costs for post-65 retirees and will now be paying $0 for the MA plan. There is a direct savings through a reduction in the operating expenses for this move.

Director Cade commented that prior to moving to the MA plan, there was no oversight of claims and a lack of utilization management. Mr. Taschner reiterated that is has been shared that, even though the costs are going down, the scope of coverage for retirees will remain the same. The one difference is that for some services, the plan will require prior authorization. Mr. Taschner also clarified that the rate setting methodology was the same prior to House Bill 81, but House Bill 81 specified the percentage cost sharing between the State and plan participants.

July Fund Equity Report

Mr. Giovannello mentioned that there were no changes to the July budget from the FY23 Budget that was presented at the August SEBC meeting, though the FY23 Budget is still pending a vote by the SEBC. July premiums are lighter by $3.7M and this is a timing consideration (reflects only half a month of premiums at the FY23 level, and the other half of premiums at the FY22 level). The claims were high for July at $90M compared to $81M budgeted, particularly in the Highmark plan. Last fiscal year (FY22) started off favorably and now we are starting to see the opposite take place. Typically claims are not projected monthly and one month of high claims is not concerning (however, it will be monitored. In the FY23 Q1 financial update in November, there will be a deeper look into the claims experience. Net income for the month of July was down $19.6M compared to

$7.1M projected deficit in the budget (driven by high claims experience and lighter premium contributions than projected).

FY23 Budget
Mr. Giovannello reviewed the Fiscal Year 2023 budget that was presented at the August SEBC meeting. There were no updates made to the budget as it was presented at the August SEBC meeting. This item will be voted on at the October SEBC meeting.

INFLATION REDUCTION ACT – MS. REBECCA WARNKEN, WTW
Ms. Warnken reviewed the specific implications that the Inflation Reduction Act may have on the GHIP. Additional details and clarifications on the Act to determine the true implementations will be provided. Prescription drug price negotiations by the federal Department of Health & Human Services will take effect for 2026 for a very select list of 10 high-cost drugs that do not have a generic equivalent and have been FDA approved for a period of time. Those negotiated rates will only apply to individual Part D plans (i.e., does not impact the private health care sector). Drug manufacturers will be required to pay rebates to Medicare if the cost of Part D drug increases faster than the rate of inflation (effective 1/1/2023). There is a statutory safe harbor that will allow high deductible health plans (HDHP) to cover insulin before the HDHP deductible is satisfied. There is no immediate impact to the State, but the State will need to comply if a HDHP is offered in the future (effective 12/31/2022).

Insulin caps for Medicare will be implemented (effective for plan years starting after 12/31/2022). Medicare beneficiaries' cost sharing for insulin coverage will be linked to the latter of $35 per month or 25% of the lowest cost starting in 2026, though this is pending guidance and clarification to determine impact of employer sponsored EGWP plans.

The Medicare Part D provisions will have the largest impact to the State, which include the following changes. There will be improved coverage for adult vaccinations. In 2024, the Medicare Part D catastrophic coinsurance of 5% will be eliminated. In 2025, the Medicare Part D "doughnut hole" will be closed via a $2,000 out of pocket limit for Medicare beneficiaries. There will also be other changes including how costs are shared between Medicare Part D plans, Medicare and prescription drug manufacturers. The exact impact for the GHIP is still being determined, but it is most likely that the State will be see an increase in cost due to this provision.

ACA premium tax credit eligibility builds on the American Rescue Plan Act that initially expanded eligibility for ACA premium tax credits; this will be extended through 2025. There is no direct impact to the GHIP, but some pre-65 retirees could be eligible for ACA premium tax credits if they elect coverage through the public marketplace. Lastly, the Act expands eligibility for Part D low-income subsidy full benefits up to 150% of the Federal Poverty Level (effective 1/1/2024). This will likely have a modest impact as there are few who are eligible and receiving this today.

OTHER BUSINESS
No new business was presented.

The Honorable Colleen Davis joined the meeting.

PUBLIC COMMENT
Representative Kowalko addressed the SEBC on behalf of Retirees Investing in Social Equity (RISE) Delaware. This group was formed based on the recent decisions to move to the Medicare Advantage plan. Representative Kowalko expressed concern that this decision has not been effectively communicated to legislators, retirees, and future retirees. SEBC members have been inconsistent in their communication and in turn made their communications misleading. Representative Kowalko asserted that this change to the Medicare Advantage plan will restrict access to doctors, access to treatments, and delay and deny access to

appropriate courses of treatment. The SEBC has not responded to the request of Representative Kowalko for several documents and documentation of this process of awarding the Medicare Advantage contract.

Karen Peterson stated that the SEBC decision to move to the Medicare Advantage plan was made prior to the Health and Human Services inspector general's report on April 28, 2022 and prior to the House Congressional hearing on June 28, 2022. If the Committee had been privy to these reports before their decision, it would have known that there is troubling evidence that MA plans prevent participants from getting care. The number of participants who disenroll in the final year of life is double that of any other plans because the services are not adequate. Ms. Peterson asserted that the MA plan will collect higher reimbursement from the government for lesser care for retirees. The "ask" is for the SEBC to reconsider this decision.

Tom Pledgie, a state retiree, stated that the numbers do not tie together and the data that was presented does not add up. He explained that Highmark is the gatekeeper and will be modifying the definition of "approved services". Then he explained that there are no readily available definitions for "performance guarantees" and would like to know what those are and what the implications are for retirees.

Keith Steck is representing Delaware Coalition for Open Government. He explained that the budgets have been presented at this meeting and past meetings using conflicting naming conventions. He also raised some potential discrepancies in the footnotes and calculations provided. He questioned the value of the Highmark MA contract and asked when will the contract be officially finalized (signed by all parties). He then questioned the premium increase that was presented at last month's meeting and who those increases would affect.

Helen Foss expressed admiration for the Governor's agenda to address the Medicare funding issue as it has never been addressed in past administrations. The committees did not fully vet the options to address the funding concern. It was not thought out that retirees have already decided their care and they feel disregarded. No Medicare coverage is one-size-fits-all. She anecdotally expressed concern for her personal situation and cost of infusion drugs.

Nancy Colley is concerned by the number of services that need prior approval. State of Delaware employees accepted lowered salary because of the State's benefits.

Lynda Hastings stated that on May 10, 2021, the SEBC reviewed the goals for the Medical RFP. The SEBC did not outreach to the retirees. In April 2022, the federal DHHS office published a report that listed out several problems with Medicare Advantage plans. She expressed concern about the prior authorization process. Dr. Law from Highmark stated that retirees could reach out to him on prior authorizations. She reached out to him over the past weekend, and he responded within twelve hours.

Linda Hardy expressed concern that the Committee does not realize that retirees have no choice. She expressed concern around the prior authorization and feels that she must ask permission for care. She is concerned about the appeals process and the rejection rate (requested more information). Highmark promised a list of services that are highly vulnerable for being denied. She added an observation that the healthcare and pensions are invested in the stock market.

Ellen Scarpitti seconded what Representative Kowalko stated and those other retirees at the Golden Beacon retirement community. She expressed concern that the retirees have no other options and that a grandfather clause was never concerned. She is asking the SEBC and Governor to reconsider.

Sue Weymouth stated that those who are currently retired should be grandfathered in.

Mary McDonough is concerned that the cost cutting will affect those who have disabilities and health issues. The appeals process is not an easy process, is very time consuming, and can be overwhelming. The “ask” is to reconsider and look at other options.

Tom Gallagher commented on the Medicfill overpayment issue and that it should be resolved.

Robert Meade commented that at one of the recent meetings, Highmark stated that they are losing money on the contract. Mr. Meade asked, when the contract is renegotiated, how will that affect the retirees.

EXECUTIVE SESSION
A MOTION to move into Executive Session was made by Secretary Magarik and seconded by Chief Justice Seitz at 4:27 p.m. MOTION ADOPTED UNANIMOUSLY.

ADJOURNMENT
After moving back into Public Session and with no further business, A MOTION was made by Mr. Taschner and seconded by Secretary Magarik to adjourn the public session at 4:58 p.m. MOTION ADOPTED UNANIMOUSLY.

Respectfully submitted,

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