



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
November 21, 2022**

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on November 21, 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”)
Ms. Judy Anderson, Delaware State Education Association “DSEA” (Designee of Mr. Jeff Taschner, Executive Director, DSEA)
The Honorable Bethany Hall-Long, Office of the Lt. Governor
Controller General Ruth Ann Jones, Office of the Controller General (“OCG”)
Mr. Matthew Rosen, Senior Policy Advisor, Office of the State Treasurer “OST” (Designee of The Honorable Colleen Davis, State Treasurer, OST)
The Honorable Chief Justice Collins Seitz, Delaware Supreme Court
The Honorable Trinidad Navarro, Insurance Commissioner, Department of Insurance (“DOI”)

Others in Attendance

Deputy Director Leighann Hinkle, SBO, DHR	Ms. Katherine Impellizzeri, Aetna
Ms. Nina Figueroa, Health Policy Advisor, SBO, DHR	Ms. Julie Caynor, Aetna
Ms. Heather Johnson, DHR	Ms. Carrie Schiavo, Delta Dental
Ms. Adria Martinelli, Deputy Attorney General, Department of Justice, SEBC Legal Counsel	Mr. Walter Mateja, Merative
Mr. Chris Giovannello, Willis Towers Watson (“WTW”)	Ms. Sandy Hart, Merative
Ms. Gabby Costagliola, WTW	Ms. Christina Crooks Bryan, DEHA
Ms. Jaclyn Iglesias, WTW	Ms. Rebecca Byrd, ByrdGomes
Ms. Jeanette Hammon, Sr. Fiscal and Policy Analyst, OMB	Ms. Kristina Deakins, City of Dover
Mr. Robert Scoglietti, Deputy Controller General, OCG	Ms. Naomi Poole, City of Dover
Ms. Judi Schock, Deputy Principal Assistant, OMB	Ms. Mary Kate McLaughlin, Barnes & Thornburg
Mr. Steven Costantino, Director Health Care Reform, DHSS	Ms. Karen Peterson, Retired Senator
Ms. Ashley Tucker, Deputy State Court Administrator, Administrative Office of the Courts	Ms. Barbara Philbin, Pensioner
Ms. Kathy Nedelka, HRIS Specialist, PHRST, OMB	Mr. David Taylor, Pensioner
Ms. Michelle Carpenter, HRIS Manager, PHRST, OMB	Ms. Denise Schwartz, Pensioner
Ms. Wendy Beck, Highmark Delaware	Ms. Donna Dossett, Pensioner
Ms. Jeanie Carson, Highmark Delaware	Ms. Elisa Diller, Pensioner
Mr. Adam Knox, Highmark Delaware	Ms. Helene Diskau, Pensioner
Mr. Charles Simons, Highmark Delaware	Ms. Mae Gaskins, Pensioner
Ms. Charlene Hrivnak, CVS Health	Ms. Nancy Alteri, Pensioner
Ms. Sara Dunlevy, CVS Health	Ms. Rebecca Scarborough, Pensioner
Mr. Michael North, Aetna	Mr. Richard Phillips, Pensioner
	Mr. Robert Clarkin, Pensioner
	Mr. Steve LePage, Pensioner

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

Mr. Tom Pledgie, Pensioner
Ms. Wendy Strauss, Pensioner
Ms. Kathy Carter, Pensioner

Mr. Steve Carter, Pensioner
Ms. Carole Mick, SBO, DHR – Recorder, State Employee
Benefits Committee and Subcommittees

CALLED TO ORDER – SECRETARY DEMATTEIS, DHR

Secretary DeMatteis called the meeting to order at 2:04 p.m.

APPROVAL OF MINUTES – SECRETARY DEMATTEIS, DHR

A MOTION was made by Director Cade and seconded by Secretary Magarik to approve the minutes from the October 24, 2022, meeting of the State Employee Benefits Committee.

MOTION ADOPTED UNANIMOUSLY

DIRECTOR'S REPORT – DEPUTY DIRECTOR HINKLE, DHR, SBO

Senate Bill (SB) 309 mandates insurers to provide chiropractic care has been signed by the Governor with an effective date of January 1st, 2024. Fiscal impact to the GHIP for FY24 is estimated around \$35.5K and \$71K for FY25. SBO is working with Highmark and Aetna on compliance with this bill.

SB 316 mandates insurers to cap diabetic supplies, strips, and meters at \$35 per member per month. The GHIP has two separate vendor programs for medical and prescription benefits, compliance on this bill required a Senate Amendment to be included to address administrative concerns. This bill will be effective April 2023. Fiscal impact to the GHIP is estimated at \$15K annually.

The SEBC was provided a list of proposed meeting dates for CY23 with separate meeting times and dates for the Financial and Health Policy & Planning Subcommittees. Any combined Subcommittee meetings will occur in the 10:00 a.m. timeslot. Subcommittee meetings have been moved from Thursday to the Monday before the SEBC meeting. The new meeting dates will provide SBO and WTW a full week to gather and compile feedback from Subcommittee members before the full Committee meeting.

SBO would like the SEBC to discuss Agenda items for the Subcommittees on areas of focus such as health plan offerings and Active and pre-65 retiree premium rates for the FY24 plan year. Agenda items slated for the December SEBC meeting include: GHIP strategic framework goals and priorities and additional discussion on the Spousal Coordination of Benefits (SCOB) Policy. Any additional agenda items can be provided to SBO from Committee members.

The SCOB policy discussion is to address changes that would allow more flexibility for a pensioner's spouse to be covered by the State's Medicare health plan.

FINANCIAL UPDATE – MR. CHRIS GIOVANNELLO, WTW

September 2022 Fund Report

Premium contributions return to expected budget at \$76M. Claims continue to run high at \$10.7M above budget. The Fund is \$28.2M over budget for Q1. A deeper dive into the high claims experience will be addressed at a future meeting, however, utilization and cost are major factors.

Director Cade asked for a breakdown of the claims experience by group (actives, retirees, pre-65 retirees). Mr. Giovannello stated WTW has reached out to the State's vendor partners for information on claims experience. Utilization is exceeding pre-pandemic levels mainly due to delay in care from the pandemic.

The fund equity balance is \$123.5M with a variance to budget deficit of \$35.5M.

FY23 GHIP Budget Revised*

Mr. Giovannello reviewed the FY23 revised budget to reflect the change to maintain the Special Medicfill plan for CY23 instead of transitioning to the Medicare Advantage Plan. The GHIP budget is based on claims experience through June 2022 and the budget has not been updated to reflect recent claims experience. Net income for FY23 is estimated at a deficit of \$64.5M and the GHIP surplus after reserves is estimated at a deficit of \$2.7M.

Secretary DeMatteis commented that the total operating expenses are over \$1.1B for FY23. Chief Justice Seitz stated that we are spending down the surplus and will soon be in a deficit. Mr. Giovannello confirmed that the fund will soon go into a negative status minus reserves currently in the fund. The fund equity balance is estimated at \$92.7M with a claim liability of \$68.2M and a minimum reserve of \$27.2M leaving the Fund with a deficit of \$2.7M after reserves.

APPROVAL OF THE FY23 GHIP BUDGET REVISED

A MOTION was made by Secretary Magarik and seconded by Chief Justice Seitz to approve the FY23 Revised GHIP Budget.

MOTION FOR DISCUSSION

No Discussion.

MOTION ADOPTED UNANIMOUSLY.

The Honorable Bethany Hall-Long left the meeting.

FY23 Q1 Financial Reporting

The FY23 Q1 plan cost analysis determined that GHIP gross claims are up 19.7% from FY22 Q1. A review of FY23 Actuals to FY23 Revised Budget showed a variance in total program costs of 1.5% over budget and key observations for total GHIP population were noted.

Secretary Magarik asked if there was any data on how many members who visited the ER also have a PCP. Mr. Giovannello stated that WTW can provide data on members with PCPs.

FY24 GHIP Projections

Mr. Giovannello summarized long term health care cost projections with a projected deficit of \$143.5M by the end FY24 and displayed premium rate increase scenarios. A 17.2% rate increase effective July 1st, 2023, for actives and pre-65 retirees would be required to solve the projected FY24 deficit. To smooth the rate over 3 years would require a 9.8% annual rate increase per year in FY24, FY25, and FY26.

Ms. Iglesias provided commentary on SB 120 primary care bill and potential financial impact to the GHIP.

Chief Justice Seitz stated the rate increase for FY24 is required to solve for a \$0 deficit and continual rate increase of 5%-7% will be needed every year to keep up with the health care trend. A discussion continued with Committee members surrounding ways to reduce health care costs.

Premium rate increases for FY24 were displayed based on both premium rate increase scenarios.

COVID-19 NATIONAL PUBLIC HEALTH EMERGENCY UPDATE – MS. JACLYN IGLESIAS, WTW

Ms. Iglesias provided an update on the National Emergency Declaration and the Public Health Emergency (PHE) potential expiration dates and impact to the GHIP. COVID-19 benefit enhancements under the GHIP will expire at the end of the National Public Health Emergency period and members will be provided a 30-day advance notice. Ms. Iglesias provided extension options and cost to the GHIP to extend these benefits.

The PHE was issued by the U.S. Department of Health and Human Services and is issued in 90-day increments. It was most recently extended to January 11, 2023. The Federal government will provide states a 60-day notice prior to the expiration of the PHE.

Committee members had a discussion on incremental cost of COVID-19 vaccines, oral antivirals, and over-the-counter test kits following the end of the PHE. The SEBC would like more information on what other states are doing in terms of member cost sharing related to COVID-19 over-the-counter test kits.

FY24 PLANNING – MS. JACLYN IGLESIAS, WTW

Benefit Modernization Initiative

Ms. Iglesias reviewed the benefits modernization initiative that was brought to the SEBC in June 2022. This initiative will evaluate options for GHIP benefits modernization for active employees and non-Medicare retirees. An employee survey is slated for release in CY23 Q1 to solicit input from benefit eligible employees on benefit preferences and gaps for underserved populations.

SEBC Subcommittee Areas of Focus

Planning considerations for FY24 and later were analyzed to provide short-term and long-term cost savings measures to the GHIP. The WTW recommendation would be to have Subcommittee members focus on short-term items.

Secretary DeMatteis agreed with the WTW recommendation of focusing on short-term initiatives for Subcommittee discussion. WTW will have materials on short-term initiatives for the Subcommittees for the December meeting.

OTHER BUSINESS

No new business was presented.

PUBLIC COMMENT

Several state retirees provided comment on Medicare Advantage (MA) and their concerns with the State considering this type of plan. Additional concerns included the State's GHIP deficit, confusion over the financials presented at today's meeting, cost of healthcare and the inclusion of State pensioners in future meetings. Barbara Philbin, a State retiree, provided comment on Commissioner Navarro's article about MA Plans. Tom Pledge, a State retiree, provided comment on the SEBC and Subcommittee Agendas containing too much information and the priority of Agenda items.

Commissioner Navarro provided clarification on the article that was published about MA plans.

ADJOURNMENT

A MOTION was made by Director Cade and seconded by Secretary Magarik to adjourn the public session at 3:50 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