



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

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on December 19, 2022.
The meeting was held in virtually and in person at 97 Commerce Way, Suite 201, in Dover.

Committee Members Represented or in Attendance:

Secretary Claire DeMatteis, Department of Human Resources (“DHR”), SEBC Co-Chair
Mr. Steven Costantino, Director Health Care Reform, Dept. of Health and Social Services “DHSS” (Designee OBO Secretary Molly Magarik, DHSS)
Mr. Jeff Taschner, Executive Director, Delaware State Education Association “DSEA”
The Honorable Bethany Hall-Long, Office of the Lt. Governor
Ms. Laura Wisniewski, Deputy Chief of Staff, Office of the Lt. Governor (Designee OBO the Honorable Bethany Hall-Long, Office of the Lt. Governor)
Mr. Robert Scoglietti, Deputy Controller General, Office of the Controller General “OCG” (Designee OBO the Controller General Ruth Ann Jones, OCG)
Mr. Matthew Rosen, Senior Policy Advisor, Office of the State Treasurer “OST” (Designee OBO 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”)

Committee Members Not Represented or in Attendance:

Director Cerron Cade, Office of Management & Budget (“OMB”), SEBC Co-Chair

Others in Attendance

Director Faith Rentz, SBO, DHR	Ms. Jeanette Hammon, Sr. Fiscal and Policy Analyst, OMB
Deputy Director Leighann Hinkle, SBO, DHR	Ms. Judy Anderson, DSEA
Ms. Nina Figueroa, Health Policy Advisor, SBO, DHR	Mr. Matthew Rosen, Senior Policy Advisor, OST
Mr. Aaron Schrader, SBO, DHR	Ms. Judi Schock, Deputy Principal Assistant, OMB
Ms. Mary Bradley, SBO, DHR	Ms. Joanna Adams, Pension Administrator, Office of Pensions (“OPen”)
Ms. Samantha Mountz, SBO, DHR	Ms. Evelyn Nestlerode, Deputy State Court Administrator
Ms. Cherie Dodge Biron, Director, Financial & Administrative Services, DHR	Ms. Kathy Nedelka, HRIS Specialist, PHRST, OMB
Ms. Heather Johnson, DHR	Representative Paul Baumbach
Ms. Adria Martinelli, Deputy Attorney General, Department of Justice, SEBC Legal Counsel	Mr. Adam Knox, Highmark Delaware
Mr. Chris Giovannello, Willis Towers Watson (“WTW”)	Mr. Charles Simons, Highmark Delaware
Ms. Gabby Costagliola, WTW	Ms. Charlene Hrivnak, CVS Health
Ms. Jaclyn Iglesias, WTW	Ms. Sara Dunlevy, CVS Health
Mr. Brian Stitzel, WTW	Mr. Randall Bryniarski, CVS Health
Mr. Marc Gutstein, WTW	Ms. Brooke Nedza, Aetna
Mr. Varun Sivakumar, WTW	Mr. Michael North, Aetna
Mr. Walter Mateja, Merative	Ms. Julie Caynor, Aetna
Ms. Sandy Hart, Merative	Ms. Leah White, Aetna
Mr. David Bentz, Deputy Director, DMS, DHSS	Ms. Carrie, Schiavo, Delta Dental
	Ms. Christina Crooks Bryan, DEHA

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

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Ms. Rebecca Byrd, ByrdGomes
Ms. Paula Roy, Roy & Associates
Ms. Kristina Deakins, City of Dover
Ms. Laura Rowe, DSEA
Ms. Julie Greenwood, UDEL
Mr. Joe Edelen, Independent Newsmedia Inc.
Mr. Jeff Hansen, Pensioner
Ms. Vicky Cairns, Pensioner
Ms. Quinn Marvel, Pensioner
Ms. Mary Graham, Pensioner
Ms. Joan DelFattore, Pensioner
Ms. Barbara Philbin, Pensioner
Ms. Judy Chaconas, Pensioner
Ms. Tammy Croce, Pensioner
Ms. Elisa Diller, Pensioner

Ms. Helene Diskau, Pensioner
Ms. Rebecca Scarborough, Pensioner
Mr. Richard Phillips, Pensioner
Mr. Steve LePage, Pensioner
Mr. Tom Pledge, Pensioner
Ms. Wendy Strauss, Pensioner
Ms. Lynda Hastings
Ms. Nancy Colley
Ms. Ellen Scarpitti
Mr. Neelo Bhatti
Mr. Dennis Young
Ms. Carole Mick, SBO, DHR – Recorder, State
Employee Benefits Committee and
Subcommittee

CALLED TO ORDER – SECRETARY DEMATTEIS, DHR

Secretary DeMatteis called the meeting to order at 2:02 p.m.

APPROVAL OF MINUTES – SECRETARY DEMATTEIS, DHR

A MOTION was made by Mr. Scoglietti and seconded by Chief Justice Seitz to approve the minutes from the November 21, 2022 meeting of the State Employee Benefits Committee.

MOTION ADOPTED UNANIMOUSLY

DIRECTOR'S REPORT – DIRECTOR RENTZ, SBO

Director Rentz summarized the discussion from the combined Subcommittee meeting from December 15, 2022. Subcommittee's discussed FY24 plan changes for active and non-Medicare retirees. No recommendations were made by the Subcommittee, but a recommendation may be made by the Subcommittee on the PrudentRx program at the January meeting. A brief overview of the PrudentRx program was provided to the SEBC.

Lieutenant Governor Hall-Long arrived to the meeting.

FINANCIAL UPDATE – MR. CHRIS GIOVANNELLO, WTW

October Fund Report

Mr. Giovannello highlighted notable budget items from the October Fund Report. Premium contributions aligned with budget at \$75M. The coverage gap discount payment of \$6.8M arrived a month earlier than projected. The payment projected to be received in November is \$6.9M. Claims in October were \$5.1M over budget and came in at \$86.4M. YTD the fund is \$34M over budget largely due to high claims experience. Net income showed a deficit of \$5.6M with a fund equity balance of \$117.9M through October.

Mr. Taschner asked if WTW has analyzed the type of claims to see what may be driving the high claims experience. Mr. Giovannello stated that a more in-depth analysis will occur beginning with the January 2023 Subcommittee meeting and the types of claims can be discussed. Mr. Taschner stated that deferred claims due to the pandemic may be a contributing factor in the high claims experience. Mr. Giovannello stated that this will be further researched as well.

Mr. Costantino asked if a comparison has been done on unit costs for each year. Mr. Giovannello commented that this information can be provided. Chief Justice Seitz asked what the FY23 deficit will be if we continue with the

current variance rate. Mr. Giovannello stated that claims are expected to level off in the second half of the plan year and we're seeing a compounding effect of higher unit cost/inflation and pent-up demand. The budget also attempts to reflect claims seasonality on a month-to-month basis, and the upward pressure that we're observing in the first four months of the fiscal year will likely smooth out over the rest of the year. It's probably safe to say that the plan will end the year over budget, and based on the discussion at last month's meeting, the plan is currently estimated to end FY23 at \$26.2M over budget assuming the remaining months of the fiscal year would come in at budget.

UPDATE ON CVS COMMERCIAL PLAN PERFORMANCE FOR FY22 - MR. CHRIS GIOVANNELLO, WTW

Mr. Giovannello provided an update on the CVS commercial plan performance. CVS Caremark has been administering prescription drug benefits for Commercial (non-Medicare) plan participants since July 1, 2021, and (EGWP) Medicare plan participants since January 1, 2022. Plan performance results for financial performance guarantees and member satisfaction survey were reviewed. Performance results for the EGWP plan participants will not be available until mid-2023.

CVS missed two financial guarantee targets with actual measured discounts coming in less than target, which resulted in an \$818K penalty.

Secretary DeMatteis asked if there is increased utilization in our pharmacy spend. Mr. Giovannello stated that utilization has increased; however, unit cost increases are contributing more to pharmacy spend. This will be included in the deeper dive on cost and utilization that will begin with the Subcommittee in January.

Mr. Scoglietti asked if CVS provided these figures and how are they reviewed. Mr. Giovannello stated that CVS provides the guarantees, and it is reviewed by SBO and WTW. Director Rentz commented that rebate information is reported directly to SBO and claims data directly to Merative. This information is then validated against the contract terms. Audits are conducted once every two years on both medical and prescription plans. Deputy Director Hinkle stated that the next audit will be completed in early CY23 for the FY21 and FY22 plan years.

Mr. Taschner asked if CVS had met their target guarantees, what would occur. Mr. Giovannello stated that if the target had been met, it would be a wash and the \$818K covered the difference. If the target had been exceeded, then potential additional savings would have been realized by the plan.

SPOUSAL COORDINATION OF BENEFITS POLICY REVISIONS EFFECTIVE JANUARY 1ST, 2023 – DIRECTOR RENTZ, SBO

Director Rentz reviewed additional policy modifications to the Spousal Coordination of Benefits (SCOB) policy that was previously modified and approved on July 25, 2022, for an effective date of January 1, 2023. All previous approved policy changes will remain in effect with additional modifications that need approval.

Policy modifications include removal of language pertaining to the benefits payment for spouses as the GHIP will not offer a Medicare Advantage plan, further clarification on the 50% contribution requirement, and corrections on a pensioner's spouse's former employer offering a Medicare plan.

Mr. Taschner commented on a grammatical error on the second proposed modification under the second bullet.

APPROVAL OF THE REVISIONS TO THE SPOUSAL COORDINATION OF BENEFITS POLICY EFFECTIVE JANUARY 1ST, 2023

A MOTION was made by Mr. Costantino and seconded by Mr. Taschner to approve the revisions to the Spousal Coordination of Benefits Policy, including grammatical correction noted by Mr. Taschner, with an effective date of January 1st, 2023.

MOTION ADOPTED UNANIMOUSLY.

GHIP STRATEGIC FRAMEWORK – MS. JACLYN IGLESIAS, WTW

Ms. Iglesias reviewed the major components of the GHIP strategic framework, including the mission statement and current goals. Given that the current goals reference FY23 as the year in which the GHIP's performance against the goals will be measured, it is recommended that the SEBC start considering options for updating the goals for an effective date beginning 7/1/2023 (FY24) and later.

Mr. Costantino asked if these goals manifest themselves in TPA contracts or are aspirational goals. Ms. Iglesias stated that elements of these goals are written into contracts with the TPAs and while efforts have been made to incorporate these goals more directly into the TPAs' contracts, those are not as far along as we would like to see. However, these contracts are continually monitored to determine the progress to meet these goals, including the TPAs' efforts to shift their contracting strategies with providers to adopt alternative payment models (i.e., value-based contracts where payment is made based on the quality of care delivered rather than on the number of services performed).

Mr. Taschner had several comments and questions related to some of the current goals listed in the strategic framework. The first goal is to increase the proportion of medical spend through providers who are compensated for the quality of care delivered. Mr. Taschner noted that the SEBC has previously been told that the Delaware market has been slower than other areas to adopt alternative payment models, and he asked what can be done to move from a place where the majority of providers are compensated on a fee-for-service basis to an environment where there is a greater adoption of pay-for-value contracting. The second goal is to reduce the cost for plan participants with diabetes. Mr. Taschner commented that he would like this goal to include lowering the cost for the State's GHIP as well as plan participants. The third goal limits healthcare cost inflation through targeted reduction in high cost, low value services and providers. Mr. Taschner stated that this goal falls short of what needs to be discussed, which is why the State of Delaware is paying more for services than other markets. He liked the fourth goal and encouraged the SEBC to continue its efforts in that area.

Secretary DeMatteis asked what the process is to update the strategic framework. Ms. Iglesias stated that updates to the strategic framework will be iterative with the SEBC, occurring as a series of collaborative discussions, and then after thorough review of the revised goals, a vote would occur.

Secretary DeMatteis commented that the goals should be updated to reflect the SEBC's current areas of focus. Commissioner Navarro addressed concerns over the first goal stating that for this goal to be effective, providers would have to "buy in" to the concept of value-based contracting and be willing to accept a shift in payment from fee-for-service to payment-for-value. An additional concern included plan member participation in certain programs to reduce overall cost of care.

Secretary DeMatteis asked if the second goal about diabetes can be broadened to include other chronic diseases. Director Rentz stated that SBO is looking into opportunities for greater management of other high-cost conditions such as musculoskeletal diseases and the SEBC has approved a virtual musculoskeletal program which will launch in January. As part of the deeper dive discussions around cost and utilization, we could look at the prevalence of various high-cost conditions within the GHIP population and get feedback from the SEBC on interest in prioritizing and building out programs and services available to members with various high-cost conditions/treatments. Director Rentz also indicated interest in having further dialogue with the SEBC about the management of diabetics under the plan since the GHIP has already taken steps to remove cost as a barrier to treatment. This does get to Commissioner Navarro's comments around member engagement, and Director Rentz noted that she would like the SEBC to think about how we can move the needle on getting members to engage in these programs. Commissioner Navarro said that we need to incentivize members to participate in these programs by finding ways to make it worthwhile for them to do so. Mr. Taschner would like further discussion on how other large employers were successful in actively engaging members, which drove costs down.

Lieutenant Governor Hall-Long would like to discuss how the DHIN data is being utilized to support these efforts. Secretary DeMatteis stated that the goals should incorporate the effective use of data as a key tenet. Mr. Costantino commented the SEBC should start implementing care management programs that save costs. SEBC members continued discussion on the strategic framework goals and potential revisions for further review.

Mr. Costantino noted that there are other models that utilize care navigators and other resources to support the most vulnerable members of a population (i.e., high cost, high risk). He would like to hear more about whether the care management programs in place within the GHIP today are actually working as intended and producing any savings.

Evaluation on the progress of these goals will continue and a draft of the revised goals will be presented at the January SEBC meeting. This draft will include references to the long-term planning opportunities that were previously discussed by the SEBC in November 2022.

FY24 PLANNING – MS. JACLYN IGLESIAS, WTW

Benefits Modernization Initiative

Ms. Iglesias provided a progress update on the employee preferences survey. A list of survey content topics was provided to SEBC members. The timeline for the survey is February 2023 with preliminary results in March 2023 and a detailed analysis of survey results in Q2 CY2023 to be shared with the SEBC in Q3 CY2023.

Mr. Scoglietti stated that he did not see a mention of the leave policy under the survey question topics. Secretary DeMatteis commented that it's located under the "caregiving and family support" topic.

Mr. Taschner addressed concerns over conducting a survey instead of a focus group and wanted to know if the work group has investigated the margin of error based on responses. Mr. Taschner also asked if an opinion research team has been involved and would like to know the minimum required response rate for the survey results to be statistically valid. Secretary DeMatteis asked what is a reasonable response rate that can be expected. Ms. Iglesias can provide this information at the next meeting.

OTHER BUSINESS

No new business was presented.

PUBLIC COMMENT

Several State retirees addressed concerns over the employee preferences survey and would like the survey to be more inclusive by adding retirees and the results be made public. Additional concerns included distaste for the MA Plan. Mary Graham, a state retiree, addressed concerns over the importance of making changes properly and provided comment on how to make changes. Lynda Hastings, a State retiree, asked if data can be provided on how many retirees there are after July 1, 2012 and if this data can be included in future reports. Nancy Colley and Ellen Scarpitti, State retirees, provided comment from a recent study conducted by the Auditor's Office on PBMs. Steven LePage, a State retiree, provided comment on interest in how COVID has affected the increase in pharmacy cost and would like the SEBC to include additional factors regarding diabetes. Tom Pledgie, a State retiree, provided comment on data from last month's meeting regarding the potential rate increase scenarios and had concerns over underwriting the active and pre-65 retiree population separately.

ADJOURNMENT

A MOTION was made by Mr. Scoglietti and seconded by Mr. Taschner to adjourn the public session at 3:38 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