



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
January 23, 2023**

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on January 23, 2023.
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
Director Cerron Cade, Office of Management & Budget (“OMB”), SEBC Co-Chair
Secretary Molly Magarik, Department of Health & Social Services (“DHSS”)
Mr. Jeff Taschner, Executive Director, Delaware State Education Association “DSEA”
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
The Honorable Trinidad Navarro, Insurance Commissioner, Department of Insurance (“DOI”)
Mr. Keith Warren, Chief of Staff, Office of the Lt. Governor (Designee OBO Lt. Governor Bethany Hall-Long)

Others in Attendance

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| Director Faith Rentz, SBO, DHR | Mr. Charles Simons, Highmark Delaware |
| Deputy Director Leighann Hinkle, SBO, DHR | Ms. Wendy Beck, Highmark Delaware |
| Ms. Nina Figueroa, Health Policy Advisor, SBO, DHR | Ms. Lisa Mantegna, Highmark Delaware |
| Mr. Aaron Schrader, SBO, DHR | Ms. Jeanie Carson, Highmark Delaware |
| Ms. Marie Hartigan, SBO, DHR | Ms. Charlene Hrivnak, CVS Health |
| Ms. Samantha Mountz, SBO, DHR | Ms. Sara Dunlevy, CVS Health |
| Ms. Cherie Dodge Biron, Director, Financial & Administrative Services, DHR | Mr. Jeremy Menard, CVS Health |
| Ms. Heather Johnson, DHR | Ms. Leah White, Aetna |
| Ms. Adria Martinelli, Deputy Attorney General, Department of Justice, SEBC Legal Counsel | Ms. Katherine Impellizzeri, Aetna |
| Mr. Chris Giovannello, Willis Towers Watson (“WTW”) | Ms. Carrie, Schiavo, Delta Dental |
| Ms. Jaclyn Iglesias, WTW | Ms. Christina Crooks Bryan, DEHA |
| Mr. Brian Stitzel, WTW | Ms. Rebecca Byrd, ByrdGomes |
| Mr. Varun Sivakumar, WTW | Ms. Paula Roy, Roy & Associates |
| Mr. Walter Mateja, Merative | Ms. Kristina Deakins, City of Dover |
| Ms. Ashley Tucker, Deputy State Court Administrator, AOC | Ms. Laura Rowe, DSEA |
| Mr. Robert Scoglietti, Deputy Controller General, OCG | Ms. Naomi Poole, City of Dover |
| Mr. David Bentz, Deputy Director, DMS, DHSS | Ms. Aimee Holthaus, DNREC |
| Ms. Jeanette Hammon, Sr. Fiscal and Policy Analyst, OMB | Mr. Joe Edelen, Independent Newsmedia Inc. |
| Ms. Judy Anderson, DSEA | Mr. Jared Aupperle, UD |
| Mr. Steven Costantino, Director Health Care Reform, DHSS | Ms. Quinn Marvel, Pensioner |
| Ms. Joanna Adams, Pension Administrator, Office of Pensions (“OPen”) | Mr. Bob Clarkin, Pensioner |
| Ms. Carla Cassell-Carter, Director of Budget Development and Planning, OMB | Ms. Mary Graham, Pensioner |
| Ms. Kathy Nedelka, HRIS Specialist, PHRST, OMB | Ms. Joan DelFattore, Pensioner |
| | Ms. Elisa Diller, Pensioner |
| | Ms. Rebecca Scarborough, Pensioner |
| | Mr. Richard Phillips, Pensioner |
| | Mr. Steve LePage, Pensioner |

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

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Mr. Tom Pledgie, Pensioner
Ms. Gloria James, Pensioner
Mr. David Taylor, Pensioner
Ms. Maureen Keeney, Pensioner
Ms. Denise Schwartz, Pensioner
Ms. Adele Jones, Pensioner
Ms. Mary Ebersole, Pensioner
Mr. Jean Betley, Pensioner
Ms. Dianna Noonan, Pensioner

Ms. K.L. McCormick, Pensioner
Ms. Nancy Colley, Pensioner
Ms. Lynda Hastings, Pensioner
Mr. Sam Gaertner, Pensioner Spouse
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 2:01 p.m.

APPROVAL OF MINUTES – SECRETARY DEMATTEIS, DHR

A MOTION was made by Mr. Taschner and seconded by Commissioner Navarro to approve the minutes from the December 19, 2022 meeting of the State Employee Benefits Committee.

MOTION ADOPTED UNANIMOUSLY

Secretary Magarik arrived to the meeting.

DIRECTOR’S REPORT – DIRECTOR RENTZ, SBO

Senate Bill (SB) 29 was introduced on January 12, 2023 and was heard in the Senate Executive Committee on January 18th at 3:00 p.m. which included a Substitute Amendment. This bill proposes to add 1 retiree and 1 additional union member as voting SEBC members which are appointed by the President Pro Tempore of the Senate and the Speaker of the House. This SB also proposes that the CGO submit comprehensive bi-annual reporting to the General Assembly (GA) by May 30th and November 30th, proposes to establish a Retiree Healthcare Benefits Advisory Subcommittee, and that the Retiree Subcommittee submits findings and recommendations with regards to the FY24 budget to the GA by May 1, 2023.

The Senate amendment included 2 additional changes which requires members of the SEBC and the Retiree Healthcare Benefits Advisory Subcommittee to attend a meeting without a designee and ensures that the Subcommittee evaluates options for retiree healthcare that is fiscally sustainable and maintains coverage like other states that offer a choice to buy a Medicare supplement plan. SB 29 has passed the Senate and is scheduled before the House Administrative Committee on January 24, 2023.

SBO is recruiting a full-time SEBC and SEBC Subcommittee Manager to provide administrative oversight and management to these committees.

Treasurer Davis stated that SB 29 does not clearly state that Retiree Healthcare Benefits Advisory Subcommittee falls under the SEBC and wanted confirmation that the roles and authority of the SEBC will not change. Secretary DeMatteis commented that there’s no change in responsibility of the SEBC and that the bill is to amend Title 29, Chapter 96, which outlines the SEBC responsibilities.

House Bill (HB) 60, the supplemental and diagnostic breast exam coverage bill, requires all insurance policies in Delaware to include coverage for supplemental and diagnostic breast examination that are at least as favorable as the coverage for annual screening mammograms. HB 60 has been introduced and assigned to the Economic Development, Banking, Insurance and Commerce Committee in the House. SBO provided the CGO with an

estimated impact of \$275K to the GHIP if this bill passes. Secretary DeMatteis commented that this bill also includes MRIs under certain circumstances for breast exams.

HB 54 is an amendment to HB 95 which requires all insurance plans in Delaware to include at least one form of epinephrine autoinjectors at the lowest tier of the carrier's formulary for individuals 18 years of age or younger. HB 54 expands this requirement to all covered individuals regardless of age effective January 1, 2024. SBO has notified the CGO that the GHIP is already compliant and there is no fiscal impact from this bill.

HB 65 is an act to amend the Delaware code relating to bereavement leave and allows up to 5 days of paid bereavement leave for State employees who suffer miscarriage, stillbirth, or other loss. HB 65 is scheduled to go before the House Health and Human Development Committee.

SB 31 is an act to amend Title 18 related to primary care coverage to correct a technical error in SB 277 Senate Amendment 1 which inadvertently left out a line stating that chronic care management can not be subject to patient deductibles, copayments, or fees. No impact to the GHIP.

Director Rentz provided Committee members with the agenda items from the Financial Subcommittee and the Health Policy & Planning Subcommittee meetings.

A timeline was provided for the benefits modernization survey with communications starting in early January and survey test dates are from January 19th to 24th. Committee members received notification from Director Rentz to designate a tester for the survey test. Survey dates for benefit eligible employees are February 1st to 17th.

Director Rentz provided the SEBC with follow-up information on the survey response rate that is needed to have statistically valid results. SEBC consultants WTW reported that based on a population of 33,000 State agency employees, a response rate of approximately 3,700 (11%) is enough to have a valid reliable sample at a 99% confidence level with a +/- 2% confidence interval. WTW further reported that a 40% response rate or greater would make a stronger case for trusting the data; however, if the response rate is lower, respondent data can be compared to actual population data to look for groups that are over or under weighted.

Secretary DeMatteis stated that everything is being done to maximize the response rate above the minimum response rate required to have statistically valid information. The impetus for the survey came from the Retirement Benefits Study Committee (RBSC) and Legislators on that committee suggested that a survey be conducted with active state employees regarding future benefits. Benefits have not been recently modified to meet the needs of the current workforce. The survey is an opportunity to provide feedback anonymously and surveys are conducted periodically with state employees to determine job and employee satisfaction. Changes will not occur on benefits without appropriate consideration and feedback.

Director Rentz believes that the survey will exceed the 11% expectation and significant outreach is ongoing throughout the duration of the survey. Committee members will be provided an update at the February SEBC meeting.

Ms. Iglesias commented that initial findings from the survey will be presented in the Spring and more detailed results will be available in the Summer once additional analysis has been conducted on the survey results.

FINANCIAL UPDATE – MR. CHRIS GIOVANNELLO, WTW

November Fund Report

November was a rebate month with Commercial rebates higher than expected at around \$19.9M and EGWP rebates at around \$12.9M. Claims were slightly high at \$810K over budget with total claims at around \$92M. COVID relief funds of around \$700K were received. The Fund is \$34.1M above budget in overall claims. Net income was \$14.6M with a variance of negative \$4.7M. The Fund Equity balance is \$132.5M and is \$38.9M below budget.

Mr. Taschner asked what is driving the high claims experience in FY23. Mr. Giovannello stated that the Financial Subcommittee met last week and reviewed unit cost and utilization trends. The Financial Subcommittee will continue to analyze these trend patterns and this information can be shared to Committee members at a future meeting.

Director Cade asked when the last EGWP rebate payment was received. Mr. Giovannello commented that we received an EGWP rebate payment in August and these are received quarterly.

GHIP STRATEGIC FRAMEWORK – MS. JACLYN IGLESIAS, WTW

Ms. Iglesias presented the GHIP Strategic Framework goals and discussed the actions for these goals for the FY23 plan year. Current strategic goals include increase the proportion of GHIP spend through APMs to be at least 40% in category 3 and 10% in category 4, increase unique users utilizing a specific point-of-enrollment or point-of-care engagement platform tool by 5% annually, reduce GHIP diabetic cost PMPM by 8%, and limit cost of care inflation for GHIP members that is aligned with the Health Care Spending Benchmark. A FY22 breakdown of results from actions taken by SBO to achieve these goals was provided to SEBC members.

Secretary DeMatteis commented that an interview was conducted a few weeks ago on how the State is addressing diabetes costs for benefit eligible employees. Secretary Magarik commented that DHSS has launched a program called “CostAware” that utilizes the healthcare claims database to analyze cost trends and analyze differences in cost by provider. Director Rentz stated that the SBO webpage does have a link to the “CostAware” page under the Facts & Figures tile.

Ms. Iglesias provided feedback to the SEBC on the Strategic Framework goals from the December SEBC meeting. SEBC members discussed revising these goals to reflect current areas of focus while retaining the same goals but updating the measurement period. Each goal was reviewed and included feedback from the SEBC and suggested next steps. Long-term planning opportunities for FY25 and a proposed timeline of recommended next steps was provided.

Mr. Taschner provided comment on the increasing GHIP spend though advanced APMs goal and the suggested next steps having a “to be determined” timing on inviting guest speakers to present before the Committee on hospital costs and transparency. Ms. Iglesias stated there is an expectation to address this item within the next several months.

Mr. Taschner stated that in terms of value-based pricing, the SEBC needs to be aggressive and not negotiate against ourselves. Committee members continued conversation on value-based pricing and what some other states are doing to combat the rising costs of healthcare.

Commissioner Navarro expressed interest in inviting Highmark and Aetna to present information on pay-for-value contracts. Christine Vogel has been hired as the new Director for the Office of Value Based Healthcare Delivery and has provided great insight and management to value-based healthcare delivery. Ms. Vogel can provide a presentation to the SEBC.

Secretary Magarik provided comment on the April 2023 timeline regarding Aetna and Highmark presenting updates on pay-for-value contracts with Delaware providers and stated that the SEBC needs to be specific in what will actually help to control costs. Mr. Taschner mentioned that it would be appreciated if the TPAs would be more open about what can be done to breakthrough the barriers preventing the GHIP from establishing pay-for-value contracts. Committee members continued to discuss pay-for-value service and potential guest speakers for a future meeting.

Commissioner Navarro stated that the premise of higher primary care spend is to spend money now and save money in the future by diagnosing and treating conditions sooner. However, without provider buy-in, this approach is difficult.

FY24 PLANNING – MS. JACLYN IGLESIAS, WTW**PrudentRx**

A detailed presentation on the PrudentRx program was provided to the SEBC. PrudentRx is a third-party organization that is partnered with CVS Health and would be available to active and non-Medicare plan members. PrudentRx leverages manufacturer assistance programs on specialty medications. Members who take a specialty medication and enroll in PrudentRx will have a \$0 member cost share. The Subcommittee recommendation is to implement PrudentRx effective July 1, 2023 for non-Medicare medical plans.

Commissioner Navarro commented that members may be confused by switching from a copay to cost share. Ms. Iglesias remarked that the member communication will contain appropriate language to indicate that PrudentRx is a cost share program. Commissioner Navarro asked what plan participants who are currently on a specialty medication actually cost to the GHIP. According to CVS Health, for these plan members (approximately 1,600 participants, or 1.6% of total population), the spend from FY22 was \$70.5M.

Mr. Taschner requested a better understanding between the coinsurance and the out-of-pocket maximum, especially in regard to excluding member payments toward the 30% coinsurance for specialty drugs listed as non-essential health benefits (EHBs). Ms. Iglesias explained that PrudentRx relies on the Affordable Care Act (ACA) standards which gives leeway to how EHBs are defined. PrudentRx uses the Utah state benchmark because they have one of the lowest number and types of EHBs listed. The fewer drugs defined as EHBs allows PrudentRx more leverage with manufacturer assistance programs.

Mr. Taschner addressed concerns over member communication and what level of communication will be provided to members and may be subject to a 30% coinsurance if they fail to enroll in PrudentRx. Director Rentz spoke with another state that is currently using PrudentRx and provided assurance that this program does phenomenal outreach to ensure all members are enrolled. Mr. Taschner would like the protocol that PrudentRx uses to provide outreach to members.

Mr. Taschner asked what the administrative costs is of implementing PrudentRx and estimated savings. Ms. Iglesias stated that this information is proprietary but the estimated savings to the GHIP is \$6.6M and accounts for the administrative costs.

Secretary Magarik commented that implementing a program such as PrudentRx is meant to maintain high quality healthcare and sustainability of the GHIP and not significantly impact member experience.

OTHER BUSINESS

The March 20, 2023 SEBC meeting at 2:00 p.m. may need to be rescheduled to March 20, 2023 at 10:00 a.m. to accommodate SEBC members who will be unavailable due to a meeting conflict.

No new business was presented.

PUBLIC COMMENT

Several state retirees provided comment on their concerns over the Medicare Advantage plan and included personal experiences and other potential options. A state retiree provided comment on diabetes statistics and commented that the SEBC should be trying to lower the cost of diabetes supplies. A state retiree provided comment on SB 29 and does not believe that the SEBC will have enough time to provide a recommendation for CY24. A state retiree provided comment on an agenda item from the Financial Subcommittee regarding separating the premium rates for the Active and pre-65 retiree population no longer being a viable option. Would like to know when the rate increase for the FY24 plan year will be approved.

EXECUTIVE SESSION

A MOTION to move into Executive Session was made by Secretary Magarik and seconded by Controller General Jones at 4:03 p.m. MOTION ADOPTED UNANIMOUSLY.

ADJOURNMENT

A MOTION was made by Mr. Taschner and seconded by Director Cade to adjourn the public session at 4:32 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