



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
DECEMBER 21, 2023**

The State Employee Benefits Committee (the “Committee”) met at 10:00 a.m. on December 21, 2023. The meeting was held virtually and in person at 841 Silver Lake Boulevard, Suite 200, Dover, DE 19904.

Committee Members in Attendance:

Secretary Claire DeMatteis, Department of Human Resources (“DHR”), SEBC Co-Chair
Director Cerron Cade, Office of Management & Budget (“OMB”), SEBC Co-Chair
Lieutenant Governor Bethany Hall-Long, Office of the Lt. Governor
Treasurer Colleen Davis, State Treasurer, Office of the State Treasurer (“OST”)
Chief Justice Collins Seitz, Delaware Supreme Court
Commissioner Trinidad Navarro, Insurance Commissioner, Department of Insurance (“DOI”)
Controller General Ruth Ann Miller, Office of the Controller General (“OCG”)
Shaun O’Brien, Policy Director, American Federation of State, County, and Municipal Employees (“AFSCME”)
Thomas Brackin, Executive Director, Delaware State Troopers Association (“DSTA”)
Karen Field Rogers, State Retiree

Committee Members Not in Attendance:

Secretary Josette Manning, Department of Health & Social Services (“DHSS”)

Others in Attendance

Director Faith Rentz, SBO, DHR	Cherie Dodge Biron, Director, Financial & Administrative Services, DHR	Matt Clark, AFSCME
Deputy Director Leighann Hinkle, SBO, DHR	Heather Johnson, Controller, DHR	Lisa Mantegna, Highmark Delaware
Stephanie Hartos, SEBC and SEBC Subcommittee Manager, SBO, DHR	Jaclyn Iglesias, Willis Towers Watson (“WTW”)	Katherine Impellizzeri, Aetna Charlene Hrivnak, CVS Health Carrie Schiavo, Delta Dental Paula Roy, Roy & Associates Bria Greenlee, 302 Strategies Peter Bandarenko, MetLife Lori Hewitt, MetLife Charles Holloran, Prudential Christopher Drew, Prudential Donna Newman, Prudential Joseph Guagno, Sedgwick Ronald Matson, The Hartford Kate Warner, The Hartford Angela Taylor, DHSS Gisela McKenzie, UD Julie Greenwood, UD Judith VanName Tom Pledgie Steven LePage Joan Delfattore
Pamela Barr, SBO, DHR	Brian Stitzel, WTW	
Wendy Hrupsa-Sherwood, SBO, DHR	Michelle Gast, WTW	
Aaron Schrader, SBO, DHR	Rachel Koschmeder, WTW	
Crystal Sheats, SBO, DHR	Tyler Vanagas, WTW	
Samantha Mountz, SBO, DHR	Eric Poston, Merative	
Leslie Ramsey, SBO, DHR	Walter Mateja, Merative	
Lynn Kelly, Deputy Attorney General (“DAG”), Department of Justice (“DOJ”), SEBC Legal Counsel	Michelle Carpenter, HRIS Manager, PHRST, OMB	
Victoria Sweeney, DAG, DOJ, SEBC Legal Counsel	Jeanette Hammon, Sr. Fiscal and Policy Analyst, OMB	
Joanna Adams, Pension Administrator, Office of Pensions (“OPen”)	Robert Scoglietti, Deputy Controller General, OCG	
	Courtney Stewart, Deputy Director, OMB	
	Ashley Tucker, Deputy State Court Administrator, AOC	

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

Deborah Schrass
Sam Gaertner
Bob Clarkin
AnRea MacDonald
Alvina Baxter
Carol Williamson
Connie Merlet

Dr. Betty Paulanka
Gabriella Cole
John Goon
John Langiu
Lynda Hastings
Natalie McKenney
Rebecca Scarborough

Robert Meade
Carole Mick, SBO, DHR –
Recorder, State Employee
Benefits Committee and
Subcommittees

CALLED TO ORDER – SECRETARY CLAIRE DEMATTEIS, DHR

Secretary DeMatteis called the meeting to order at 10:00 a.m.

APPROVAL OF MINUTES – SECRETARY CLAIRE DEMATTEIS, DHR

A MOTION was made by Shaun O’Brien and seconded by Chief Justice Seitz to approve the minutes from the November 20, 2023 meeting of the State Employee Benefits Committee.

Abstentions – Thomas Brackin

MOTION ADOPTED UNANIMOUSLY.

A MOTION was made by Shaun O’Brien and seconded by Director Cade to approve the minutes from the November 20, 2023 Executive Session meeting of the State Employee Benefits Committee.

Abstentions – Chief Justice Seitz, Thomas Brackin

MOTION ADOPTED UNANIMOUSLY.

DIRECTOR’S REPORT – DIRECTOR FAITH RENTZ, SBO

Director Rentz provided Committee members with several staffing updates to include welcoming the SEBC and SEBC Subcommittee Manager, Stephanie Hartos, and the posting of a new Health Benefit Programs Coordinator position which will oversee the Group Health Insurance Plan (GHIP) data analytics and various care and disease management programs. Additionally, Russ Larson, retired Controller General, will be the State retiree designee for both the Financial and Health Policy and Planning Subcommittees.

Director Rentz updated Committee members on several items, including the Medicare Request for Proposal (RFP) bids and next steps in the RFP process, the Flexible Spending Account and Pre-Tax Commuter benefit limit increases effective 1/1/2024, and the financial impact of the passing of HB303, coverage for behavioral health well checks, effective 1/1/24.

Director Rentz detailed agenda items and discussions from the Financial, Health Policy and Planning and Retiree Healthcare Benefits Advisory Subcommittees and noted that the Retiree Healthcare Benefits Advisory Subcommittees (RHBAS) voted to approve their finalized report of recommendations and will submit this report to the Governor and General Assembly in early January 2024.

FINANCIALS – BRIAN STITZEL, WTW

Health Fund Claim Liability and Reserve Calculation Methodology

Brian Stitzel detailed the calculation methodology for the GHIP reserve which calculates incurred but not paid (IBNP) medical and/or prescription drug claims during the current and prior reporting periods. The claim liability has historically been based on vendor reports from Highmark and Aetna, which does not reflect revenue components that are lagged. A minimum reserve of 2% is also calculated to ensure that the fund has enough revenues to cover unexpected costs. A breakdown of lagged revenue payments and expenses was presented. Committee members were asked to discuss changing the reserve calculation methodology to include calculating revenue streams that were earned in the measurement period but received after the close of the measurement period.

Committee members held a lengthy discussion on the reserve calculation methodology which included discussions on the purpose for changing this methodology, managing the cash flow of the GHIP fund, and addressed concerns over potential volatility. Brian Stitzel commented that the GHIP fund is intended to be self-sufficient for the time period that premiums are charged. The premiums need to be sufficient to cover obligations for the period they are calculated for and ensure that there is enough cash on hand to cover volatility due to adverse experiences. The SEBC can discuss increasing the minimum reserve to add an additional cushion.

Brian Stitzel did note that a smoothing rate action cannot be used with this new calculation methodology as the fund will need to solve for any potential cash flow needs, such as expenses, plus a cushion to cover volatility.

October and November 2023 Fund Reports

Brian Stitzel reviewed the executive summary for the October and November Fund Reports and noted that the fund continues to surpass previous budget projections. Premium contributions are coming in below budget while claims and expenses are exceeding the projected budget. Other revenues were better than budget due to the EGWP Coverage Gap Discount coming in higher than expected and an increase in commercial rebates for pharmaceutical drugs. The fund equity balance is now expected to be negative by the end of April 2024.

FY24 Monthly Budget and Fund Surplus/Deficit

Brian Stitzel presented the updated FY24 budget versus what was previously forecasted. Updated projections show a significant increase to the FY24 deficit. Premium rate increases for FY25, FY26, and FY27 with a 2% minimum reserve and the increased employee contributions per paycheck were displayed.

Committee members discussed the importance of communicating health care benefit changes to eligible plan members in a timely and productive manner. Director Rentz stated that the Statewide Benefits Office (SBO) has developed a new resource document titled, "Get the Facts on What's Happening", which can be found on the home page of the SEBC website. This document will be updated monthly and will contain information on discussion items and subsequent actions taken by the SEBC. The SBO has issued the first edition to state employees via email and is currently working with the Pension Office to ensure that retirees have access to this document as well.

SEBC Dashboard

Agenda item was not discussed.

EXECUTIVE SESSION

A MOTION was made by Commissioner Navarro and seconded by Director Cade to move into the Executive Session at 11:22 a.m. MOTION ADOPTED UNANIMOUSLY.

The Public Session resumed at 12:33p.m.

Treasurer Davis and Director Cade did not return to the public session.

OTHER BUSINESS

No Other Business.

PUBLIC COMMENT

Members of the public provided comment on the ongoing litigation between the SEBC and RISE Delaware.

APPROVAL OF THE GHIP STRATEGIC FRAMEWORK

Shaun O'Brien requested a change to one of the tactics under the limiting health care cost inflation through targeted reduction in high-cost, low-value services and requested to include exploring and implementing programs related to utilization of various sites of care for similar services.

A MOTION was made by Controller General Miller and seconded by Shaun O'Brien to approve the GHIP Strategic Framework with the recommended change.

MOTION ADOPTED UNANIMOUSLY.

APPROVAL OF THE HEALTH FUND CLAIM LIABILITY AND RESERVE CALCULATION METHODOLOGY

A MOTION was made by Controller General Miller and seconded by Commissioner Navarro to approve the revised Health Fund Reserve Calculation Methodology.

MOTION ADOPTED UNANIMOUSLY.

APPROVAL OF THE DISABILITY INSURANCE PROGRAM REQUEST FOR PROPOSAL INVITATION TO NEGOTIATE

A MOTION was made by Commissioner Navarro and seconded by Thomas Brackin to accept the Proposal Review Committees' recommendation to extend an invitation to The Hartford to negotiate the terms of the Disability Insurance Program.

MOTION ADOPTED UNANIMOUSLY.

APPROVAL OF THE DISABILITY APPEAL DECISION RECOMMENDATION BY THE HEARING OFFICER

A MOTION was made by Commissioner Navarro and seconded by Shaun O'Brien to uphold the recommendation by the hearing officer and award additional short-term disability benefits to the appellant.

Abstentions – Chief Justice Seitz

MOTION ADOPTED UNANIMOUSLY.

ADJOURNMENT

A MOTION was made by Commissioner Navarro and seconded by Shaun O'Brien to adjourn the public session at 12:50 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