



MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
JANUARY 29, 2024

The State Employee Benefits Committee (the "Committee") met at 1:00 p.m. on January 29, 2024. 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")
Controller General Ruth Ann Miller, Office of the Controller General ("OCG")
Secretary Josette Manning, Department of Health & Social Services ("DHSS")
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:

- Commissioner Trinidad Navarro, Insurance Commissioner, Department of Insurance ("DOI")
Chief Justice Collins Seitz, Delaware Supreme Court

Others in Attendance

- Director Faith Rentz, SBO, DHR
Deputy Director Leighann Hinkle, SBO, DHR
Stephanie Hartos, SEBC and SEBC Subcommittee Manager, SBO, DHR
Nina Figueroa, Health Policy Advisor, SBO, DHR
Desiree Klein, SBO, DHR
Pamela Barr, SBO, DHR
Samantha Mountz, SBO, DHR
Kathy Nedelka, HRIS Specialist, PHRST, OMB
Victoria Sweeney, DAG, DOJ, SEBC Legal Counsel
Joanna Adams, Pension Administrator, Office of Pensions ("OPen")
Cherie Dodge Biron, Director, Financial & Administrative Services, DHR
Heather Johnson, Controller, DHR
Jaelyn Iglesias, Willis Towers Watson ("WTW")
Brian Stitzel, WTW
Michelle Gast, WTW
Jen Manieri, WTW
Brian Holloran, WTW
Walter Mateja, Merative
Margaret Tempkin, Cheiron
Jeanette Hammon, Sr. Fiscal and Policy Analyst, OMB
Robert Scoglietti, Deputy Controller General, OCG
Courtney Stewart, Deputy Director, OMB
Ashley Tucker, Deputy State Court Administrator, AOC
Keith Warren, Chief of Staff, Office of the Lt. Governor
Matt Clark, AFSCME
David Bentz, Deputy Director, DMS, DHSS
Steven Costantino, Director Health Care Reform, DHSS
Carla Cassell-Carter, Director of Budget Development and Planning, OMB
Andrea Godfrey, Deputy Director of Budget Development and Planning, OMB
Secretary Rick Geisenberger, DOF
Deputy Secretary Jennifer Biddle, DHR
Michael Begatto, Executive Director, Delaware Public Employees Council 81
David Craik, State Retiree - Kent County
William Oberle, DSTA
Wendy Beck, Highmark Delaware
Julie Caynor, Aetna
Randall Bryniarski, CVS Health
Sara Dunlevy, CVS Health
Paula Roy, Roy & Associates
Bria Greenlee, 302 Strategies
Lizzie Lewis, 302 Strategies
Christina Bryan, DHA

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

Cathleen Engelsiepen, OMB
 Donna Harris, DOJ
 Daniel Madrid, DOF
 Melissa Marlin, DOF
 Tanisha Merced, DOI
 Michelle Strauss, DOS
 Christine Vogel, DOI
 Naomi Poole, UD
 Julie Greenwood, UD
 Sarah Petrowich, Delaware Public
 Media
 Amanda Fries, Delaware Online
 LeVar Johnson, Novo Nordisk
 Amanda Turner, Novo Nordisk
 John Langenbach, Novo Nordisk
 Lydia Wang, Novo Nordisk
 Paul Dempsey, Novo Nordisk

Retired Senator Karen Peterson
 Tom Pledgie
 Steven LePage
 Joan DeFattore
 Deborah Schrass
 Sam Gaertner
 Rebecca Scarborough
 MaryJane Diemicke
 James Kaus
 Jake Owens
 Barbara Philbin
 Barbara Webb
 Beth Mercer
 Bill Saylor
 Diana Noonan
 Donna Harris
 Gloria James

Jim Chaconas
 Jo Kallal
 Judy Chaconas
 Linda Bucher
 Linda Robinson
 Mary Graham
 Maureen Keeney
 Michael Kempski
 Nancy Alteri
 William Young
 Kathie Wilson
 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 1:00 .m.

APPROVAL OF MINUTES – SECRETARY CLAIRE DEMATTEIS, DHR

A MOTION was made by Karen Field Rogers and seconded by Director Cade to approve the minutes from the December 21, 2023 meeting of the State Employee Benefits Committee.

Abstentions – Secretary Manning

MOTION ADOPTED UNANIMOUSLY.

DIRECTOR’S REPORT – DIRECTOR FAITH RENTZ, SBO

The Statewide Benefits Office (SBO) is currently monitoring several bills that have been filed that would impact the GHIP. Little movement is expected over the next few weeks as the Legislature will be breaking for the Joint Finance Committee budget hearings.

- HB152 – Membership modification of the SEBC
- HB282 – Membership and leadership modification of the SEBC; proposes to require the SEBC review and approve any RFP to select a carrier or third-party administrator for state employee or pensioner healthcare plans during a public meeting
- HB281 – Repeals the option to provide a Medicare Advantage healthcare plan for state pensioners
- HS1 for HB110 - Related to insurance coverage for termination of a pregnancy
- HB284 – Related to enhanced insurance coverage of allergen introduction dietary supplements for infants
- SB10 – Changes related to pre-authorization requirements
- SB159 – Removal of language relating to state employee membership with the Blood Bank of Delaware as a recognized benefit
- HB185 – Elimination of state share waiting period, which has signed into law and has been fully implemented as of January 1, 2024

Director Rentz provided Committee members with status updates on the current RFPs for the Medicare Supplement Plan and the Disability Insurance Program (DIP). The Statewide Benefits Office (SBO) will undergo five

RFPs to be implemented in the FY26 plan year for the following benefit programs: Flexible Spending Account (FSA), Employee Assistance Program (EAP), Accident & Critical Illness Insurance, Life Insurance, and audit services. The SBO is currently engaged in discussions with CVS Caremark, Aetna, and Highmark for FY25 to re-negotiate contract terms and draft amendments related to the non-Medicare healthcare plans and for administration of the non-Medicare and Medicare prescription plans. No changes to the vision or dental plans or rates will occur for FY25.

CVS Caremark will remove Humira from the state's formulary and add a preferred biosimilar option on April 1, 2024 with a formal announcement planned for February 1, 2024. Communications will be sent to plan members currently prescribed this drug. This does not apply to those in the Medicare SilverScript program.

The Office of Management & Budget (OMB) has notified Executive Branch organizations of the need to identify prior year appropriation balances and special fund accounts that could be used to cover the Group Health Insurance Plan (GHIP) deficit. Additionally, the SBO is working on an estimate of premiums owed by participating organizations with potential options to collect these funds.

The first edition of the "Get the Facts on What's Happening" document was published in December 2023. This document will be updated and distributed monthly with the intention of providing GHIP members with information related to employee and retiree benefits and decisions being made by the SEBC.

Lieutenant Governor Hall-Long and Treasurer Davis arrived to the meeting.

FINANCIALS – BRIAN STITZEL, WTW

December 2023 Fund Report

Brian Stitzel reviewed the executive summary for the December Fund Report. The fund continues to surpass previous budget projections primarily due to significant increases in medical, prescription, and SurgeryPlus claims. As expenses continue to run significantly higher than originally projected, the fund equity balance could potentially go negative by the end of January.

FY24 Monthly Budget and Fund Surplus/Deficit

Brian Stitzel presented the FY24 budget versus the FY24 re-forecasted budget based on the FY24 actuals from July 2023 through December 2023. A revised forecast of the fund depletion timeframe and updated end-of-year projections were noted as well.

It was mentioned that the fund can go negative during the fiscal year, however, any negative balance will need to be resolved through a fund transfer before the fiscal year closeout.

Brian Stitzel reviewed estimated and actual premium contributions from July 2023 through December 2023 for Highmark and Aetna. Premium contributions are projected to be slightly lower than budgeted for FY24. Other revenues, such as commercial rebates and the coverage gap discount, came in slightly higher than anticipated. The Employer Group Waiver Plan (EGWP) year-end reconciliation payment that is expected in January 2024 was finalized by Centers for Medicare & Medicaid Services (CMS) but will be significantly less than projected.

Brian Stitzel discussed the increases in commercial pharmacy claims for non-specialty and specialty medications, PrudentRx savings, GHIP expenses, and plan member enrollments.

Updated Forecast and Rate Scenarios

Brian Stitzel detailed the GHIP long-term health care cost projections based on experience through December 2023 which included the FY23 actual budget and the projected budgets for FY24 through FY28 based on variable premium rate increases over these fiscal years. New premium rates, which will be voted on by the SEBC in March 2024, will become effective for active employees and non-Medicare retirees on July 1, 2024 and Medicare retirees on January 1, 2025. The GHIP fund is expected to be negative by the end of FY24. A negative balance must be corrected

through a transfer of funds which would be determined and initiated by the Office of Management and Budget. FY25 premium contribution scenarios were outlined for all groups.

It was mentioned that if the cash infusion to the GHIP fund does not have to be paid back, then the FY25 premium rate increase for GHIP members would be reduced.

Brian Stitzel outlined the current healthcare plan's actuarial values (AVs) and reviewed several scenarios to re-align AVs and equalize the state subsidy.

Brian Stitzel presented an option to rate the groups separately based on each group's claims experience which was requested in the Retiree Healthcare Benefits Advisory Subcommittee's (RHBAS) final report. FY25 premium rate increases for each group were illustrated and proposed significant increases for the pre-65 retirees (all healthcare plans) at 58% and Medicare retirees selecting the Medicfill with Rx plan at 39%. Further, rates for active employees would potentially increase by 22% and for Medicare retirees enrolled in the Medicfill without Rx plan by 5%. Committee members did not express interest in rating the groups separately going forward.

2023 OPEB ACTUARIAL VALUATION REPORT – MARGARET TEMPKIN & BETH MERCER, CHEIRON

Margaret Tempkin reviewed the 2023 Other Post Employment Benefits (OPEB) Valuation Report which reports year-to-year data on the OPEB actuarial liability and the market value of assets funded ratio. Beth Mercer summarized the changes in the funded ratio from 2022 to 2023 which showed a slight increase in the overall funded ratio. Margaret Tempkin summarized OPEB changes that have occurred since the 2022 valuation report was presented, which depicts increased liabilities and the percent of change relative to the discount rate. The discount rate is determined by the bond buyer rate which is based on the 20-year high market bond rates and the expected return on assets from the Pension Office. A historical overview of the discount rate and funding rate from 2009 to 2023 was reviewed. Margaret Tempkin detailed future projections over a 20-year period.

Shaun O'Brien requested an explanation of why the OPEB valuation report uses some assumed medical and pharmacy trends that are significantly different from the trend assumptions used by the GHIP, especially for Medicare eligible medical. Cheiron and WTW representatives committed to providing an explanation after the meeting.

RETIREE HEALTHCARE BENEFITS ADVISORY SUBCOMMITTEE (RHBAS) REPORT AND RECOMMENDATIONS – LIEUTENANT GOVERNOR HALL-LONG

Lieutenant Governor Hall-Long provided Committee members with a background of the RHBAS and reviewed recommendations that were voted on by Subcommittee members in CY2023 related to retiree healthcare benefits. The Subcommittee completed a final report of recommendations that was submitted to the Governor and General Assembly in early January.

DIVERSITY, EQUITY AND INCLUSION BENEFITS REVIEW – JACLYN IGLESIAS, WTW

Jaclyn Iglesias presented a quick update on the Diversity, Equity and Inclusion (DEI) benefits review for short-term and long-term benefit enhancement opportunities. Due to the current GHIP financial situation, the Health Policy & Planning Subcommittee recommends not moving forward with any benefit changes that would have a large financial impact. Subcommittee members did show support for benefits changes that would have little or no financial impact. Further discussion will occur at the February SEBC and Subcommittee meetings.

GLP-1 DRUG AND BARIATRIC SURGERY UTILIZATION – JEN MANIERI, WTW & STEPHANIE HARTOS, SBO

GLP-1 Drug and Bariatric Surgery Cost/Utilization Update

Jen Manieri detailed GLP-1 drug usage and costs by month, Bariatric surgery utilization through SurgeryPlus, and employer options to address increased costs and utilization of GLP-1 drugs. GLP-1 drug usage and the number of Bariatric procedures through SurgeryPlus have shown significant increases since the start of the FY24 plan year.

Other States' Experiences and Solutions

Stephanie Hartos presented cost and utilization solutions from other states (Connecticut and Tennessee) related to the management of anti-obesity medications and GLP-1 drugs. Both states have experienced similar issues with increases in GLP-1 drug utilization and have implemented various measures to better manage the utilization and cost of these drugs and improve the overall member experience

OTHER BUSINESS

No Other Business.

EXECUTIVE SESSION

A MOTION was made by Shaun O'Brien and seconded by Secretary Manning to move into the Executive Session at 3:14 p.m. MOTION ADOPTED UNANIMOUSLY.

The Public Session resumed at 4:01 p.m.

Thomas Brackin did not return to the public session.

PUBLIC COMMENT

Members of the public provided comment on agenda items discussed at today's meeting.

APPROVAL OF EXECUTIVE SESSION MINUTES – SECRETARY CLAIRE DEMATTEIS, DHR

A MOTION was made by Karen Field Rogers and seconded by Shaun O'Brien to approve the Executive Session minutes from the December 21, 2023 meeting of the State Employee Benefits Committee.

Abstentions – Secretary Manning

MOTION ADOPTED UNANIMOUSLY.

APPROVAL OF THE GHIP BENEFIT UPDATES RELATED TO THE MENTAL HEALTH PARITY AND EQUITY ACT – SECRETARY CLAIRE DEMATTEIS, DHR

No motion was presented as further discussion is needed.

APPROVAL OF THE HEALTHCARE APPEAL DECISION RECOMMENDATION BY THE HEARING OFFICER – SECRETARY CLAIRE DEMATTEIS, DHR

A MOTION was made by Secretary Manning and seconded by Treasurer Davis to approve the recommendation as presented and discussed in Executive Session.

MOTION ADOPTED UNANIMOUSLY.

ADJOURNMENT

A MOTION was made by Treasurer Davis and seconded by Secretary Manning to adjourn the public session at 4:10 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