



Report of the Retiree Healthcare
Benefits Advisory Subcommittee (RHBAS)

January 29, 2024



RHBAS Background

- SB 29 (sponsored by Senator Townsend) created the RHBAS in early 2023. This Subcommittee is Chaired by Lieutenant Governor Hall-Long and Co-Chaired by Senator Townsend and Representative Baumbach.
- The RHBAS was charged with:
 - Evaluating options for continuing to provide retiree healthcare benefits in a fiscally sustainable way.
 - Evaluating the implications of extending the existing Medicare Supplement plan.
 - Analyzing Medicare Advantage plans.
 - Receiving public comment on current and future State retiree healthcare benefits.
 - Issuing findings and recommendations to the Governor and the General Assembly.
- The RHBAS met 20 times since its creation to examine and make recommendations on retiree health plan design, funding and eligibility.

Overview of Recommendations

- Continue contributing 1% of general fund from the prior year to the OPEB fund.
- Increase OPEB pre-funding from 0.36% of payroll to 0.5%, then increase by an additional 0.25% of payroll each fiscal year until it reaches 10%.
- Ensure that current Medicare-eligible and pre-Medicare state retirees and state employees who retire prior to January 1, 2025, will be entitled to Special Medicfill/Rx benefits with no changes to the state share percentage of payments when they are Medicare eligible.

Overview of Recommendations (Continued)

- For eligible pensioners hired by the state on or after 1/1/2025, RHBAS recommends the state pay the following percentage of the state share based on years of service (this change would not apply to state employees who are subject to a mandatory retirement requirement):
 - Less than 15 years of service: 0%
 - 15 years to less than 20 years of service: 50%
 - 20 years to less than 25 years of service: 75%
 - 25 years or more service: 100%

Overview of Recommendations (Continued)

- Solicit public comment before the SEBC holds a public vote to adopt the final request for proposal (RFP) for retiree healthcare plans.
- Research and measure the cost of state-sponsored healthcare benefits for three subgroups: current workers, eligible pensioners who are ineligible for Medicare, and eligible pensioners who are eligible for Medicare.
- Address the issue of healthcare pricing in Delaware, including statutory, regulatory, and administrative changes in 2024 to bring more transparency, consistency, affordability, and sustainability to healthcare prices and price growth.
- The RHBAS will continue to hold public meetings with an upcoming meeting being planned for March/April 2024.

Thank You



View the full report on the SEBC website:

<https://dhr.delaware.gov/benefits/sebc/index.shtml>

Email: SEBC@delaware.gov