

PUBLIC COMMENTS FOR THE 5/28/24 SEBC MEETING - SUBMITTED BY
ROBERT CLARKIN, 5/15/24

1. **Transparency of SEBC Meetings**

The proceedings of SEBC meetings are very important to both active employees and retirees. The practice of the SEBC is to vote on the acceptance of meeting minutes during the following meeting, resulting in at least a 30 day delay before the minutes are made available to the public. While SEBC meetings can be joined remotely in real time, recordings of the meetings are not made available to the public. While public comment can be made during meetings, the detail of the comments are not captured in the minutes.

These practices lead to a number of transparency problems. Employees and retirees must join the meetings in real time in order to gain a full understanding of the presentations, discussions, announcements, and public comments made during the meetings. As the great majority of active employees are on the job when the meetings are held, they are unable to view the meetings. Retirees with commitments during the day are also unable to view the meetings. With a 30 day delay between the time that meetings are held and minutes are made available to the public, it is very difficult to stay current with SEBC proceedings and decisions.

I think that it is commonly accepted that the practices of the Retiree Healthcare Benefits Advisory Subcommittee (RHBAS) were a model for public engagement and transparency. To this end, one of the most important practices of the RHBAS was that meeting recordings were posted along with other documents for each meeting. This simple, yet vitally important, practice resolves all of the transparency problems in the above paragraphs.

As the RHBAS webpage is a subset of the SEBC webpage which is managed by DHR and, as DHR has the ability to record and post RHBAS meeting videos, I would like to strongly recommend that, in an effort to provide full transparency to the public, recordings of SEBC meetings be posted on the DHR website along with the other documents for each SEBC meeting.

2. Statement From WTW December 2023 Fund Report and Financial Update Presentation, Overview, Slide 25, During 1/29/2024 SEBC Meeting — Repeated During 4/18/24 RHBAS Meeting, SBO SEBC Decisions and Updates Presentation, Overview, Slide 6

Both presentations stated: “EGWP cost trends have been much higher and make up the greater portion of Medicare retiree costs

- Rx claims are nearly **75% of the gross claims spend** for the Medicare population”

This is a very misleading statement. The following data is from the WTW Q2 FY24 Financial Analysis of Health/Rx Plans - Paid Basis Report, Year to Date July 1, 2023 - December 31, 2023.

The data indicates that basing the above statement on **gross Rx spend** does result in “Rx claims are nearly 75% of the gross claims spend for the Medicare population”. However, the **gross Rx spend** rightfully needs to be reduced by EGWP and Rebate savings to reach a **net Rx spend**. When you base the percentage of gross claims spend on net Rx spend, 75% is reduced to 54.3%, a more honest and less dramatic and misleading Medicare retiree Rx spend percentage.

Medicare Retirees	7/1/23 - 12/31/23	Percent of Gross & Net Totals	
Medical Claims	32,953,050		
Administration	3,029,660		
Gross Total	35,982,710	25.8%	
Rx Claims	100,843,347		
Administration	2,448,990		
Gross Total	103,292,337	74.2%	
Grand Total	139,275,047		

Medicare Retirees	7/1/23 - 12/31/23	Percent of Gross & Net Totals	
Estimated EGWP Savings	30,399,768		
Estimated Rebates	30,131,049		
Total Savings	60,530,817		
Net Med Claims	35,982,710	45.7%	25.7% increase
Net Rx Claims	42,761,520	54.3%	19.9% decrease
Net Total Claims	78,744,230		

3. Negotiation of Healthcare Provider Rates/Prices

In general, commercial insurance companies negotiate service prices with healthcare providers. In some instances, TPAs negotiate rates with healthcare providers, pharmacy benefit managers, and other vendors to ensure their clients receive the best possible prices for medical services and supplies. By pooling resources, TPAs can often offer better rates and discounts than individual employers could negotiate on their own. I have not been able to find evidence that the State, or the TPA’s under contract with the State, negotiate rates/prices with healthcare providers. I know that I cannot expect an answer from the SEBC regarding a question raised during public comment. However, I would like to ask an SEBC member to raise the following questions during an SEBC meeting.

Question: Does the State of Delaware (DHR) negotiate service provider rates/prices with healthcare providers for the various non-Medicare healthcare/Rx plans managed by DHR.

Question: Do the TPA’s (Highmark and Aetna) or the PBM (CVS) under contract with the State negotiate rates/prices with healthcare providers for the various non-Medicare plans managed by DHR on behalf of the State.

Question: If neither the State nor the TPA’s/PBM under contract with the State negotiate rates/prices with healthcare providers, are there any limits on the rates/prices that a healthcare service provider can bill the State for medical services or prescriptions billed under non-Medicare plans managed by DHR.