



MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
JULY 22, 2024

The State Employee Benefits Committee (the "Committee") met at 2:00 p.m. on July 22, 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
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")
Secretary Josette Manning, Department of Health & Social Services ("DHSS")
Lieutenant Governor Bethany Hall-Long, Office of the Lt. Governor
Treasurer Colleen Davis, State Treasurer, Office of the State Treasurer ("OST")
Commissioner Trinidad Navarro, Insurance Commissioner, Department of Insurance ("DOI")
Karen Field Rogers, State Retiree

Committee Members Not in Attendance:

- Director Cerron Cade, Office of Management & Budget ("OMB"), SEBC Co-Chair
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
Pamela Barr, SBO, DHR
Samantha Mountz, SBO, DHR
Brittany Ford, SBO, DHR
Susan Meadows-Arnold, SBO, DHR
Michelle Whalen, DAG, DOJ, SEBC Legal Counsel
Cherie Dodge Biron, Director, Financial & Administrative Services, DHR
Heather Johnson, Controller, DHR
Dawn Warman, DHR
Ashley Blok, Communications Director, DHR
Daneen Ratigan, DHR
Michelle Carpenter, HRIS Manager, PHRST, OMB
Carla Cassell-Carter, Director of Budget Development and Planning, OMB
Andrea Godfrey, Deputy Director of Budget Development and Planning, OMB
Jaclyn Iglesias, Willis Towers Watson ("WTW")
Brian Stitzel, WTW
Jen Manieri, WTW
Walter Mateja, Merative
Steven Costantino, Director Health Care Reform, DHSS
Jeanette Hammon, Sr. Fiscal and Policy Analyst, OMB
Representative Paul Baumbach, Delaware House of Representatives, Majority Caucus
Ashley Tucker, Deputy State Court Administrator, AOC
David Bentz, Deputy Director, DMS, DHSS
Katherine Impellizzeri, Aetna
Lisa Mantegna, Highmark Delaware
Leah White, Aetna
Wendy Beck, Highmark Delaware
Charlene Hrivnak, CVS Health
Randy Garcia, CVS Health
Carrie Schiavo, Delta Dental
Paula Roy, Roy & Associates
Bria Greenlee, 302 Strategies
Jennifer Rini, Lt. Governor's Office
Angela Taylor, DHSS
Gisela McKenzie, UD
Christina Bryan, DHA
John Van Gorp, Bayhealth
Sarah Petrowich, DE Public Media
LaVette Whaley, City of Dover
Deldra Gregory-Colvin, Colonial SD
Jared Aupperle, UD
Teresa Doggett, UD
Lynda Hastings
Carole Mick, SBO, DHR - Recorder, State Employee Benefits Committee and Subcommittees

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

CALLED TO ORDER – SECRETARY CLAIRE DEMATTEIS, DHR

Secretary DeMatteis called the meeting to order at 2:00p.m.

APPROVAL OF MINUTES – SECRETARY CLAIRE DEMATTEIS, DHR

A MOTION was made by Thomas Brackin and seconded by Shaun O’Brien to approve the public session minutes from the June 24, 2024 meeting of the State Employee Benefits Committee.

Abstentions – Karen Field Rogers, Commissioner Navarro

MOTION ADOPTED UNANIMOUSLY.

PUBLIC COMMENT

Representative Paul Baumbach provided public comment on legislative bills that have passed the General Assembly related to retiree or future retiree benefits.

EXECUTIVE SESSION

A MOTION was made by Karen Field Rogers and seconded by Commissioner Navarro to move into the Executive Session at 2:06 p.m.

MOTION ADOPTED UNANIMOUSLY.

The Public Session resumed at 2:33 p.m.

Lieutenant Governor Hall-Long arrived to the meeting.

DIRECTOR’S REPORT – DIRECTOR FAITH RENTZ, SBO

Director Rentz highlighted agenda items from last week’s Combined Subcommittee meeting and provided an overview of enrollment changes related to the US Digestive Health network termination from Highmark Delaware. Benefit eligible Highmark Delaware plan members that utilized US Digestive Health in the last 12 months were provided the opportunity to switch to an Aetna plan beginning July 1, 2024 through July 15, 2024.

The Statewide Benefits Office (SBO) released three request for proposals (RFPs), which include the Flexible Spending Account (FSA), pre-tax commuter benefit, and COBRA administration (advertised July 8, 2024), the Employee Assistance Program (EAP) (advertised July 15, 2024), and the Accident and Critical Illness insurance program (advertised July 15, 2024).

LEGISLATIVE UPDATES – SECRETARY CLAIRE DEMATTEIS, DHR

Secretary Claire DeMatteis reviewed legislation that was passed during the 152nd General Assembly and would have an impact on the GHIP and/or the SEBC and provided the estimated fiscal impacts of these bills for FY25 and FY26. Many of the bills presented are still awaiting action from the Governor; updates will be provided to the Committee when available.

FINANCIALS – BRIAN STITZEL, WTW

June 2024 Fund Report

Brian Stitzel reviewed the executive summary for the June Fund Report and noted that June ran a deficit due to the continued clear out of backlogged claims from the Change Health cyberattack. Highmark reported that there is an estimated \$1M in backlogged claims remaining. Other revenues for June include a \$7.3M transfer from OMB to offset the FY24 deficit.

The total budget for FY24 showed premium contributions came in slightly better than budget, other revenues largely better than budget due to the transfer from OMB, claims ran significantly worse than budget due to higher pharmaceutical drug, SurgeryPlus and GLP-1 drug claims, and total expenses ran worse than budget due to PrudentRx fees. Total budget for FY24 still ran at a slight deficit and the fund equity balance ended with around \$100K after the infusion of funds by OMB.

Brian Stitzel presented the FY24 budget versus the FY24 re-forecasted budget based on the FY24 actuals from July 2023 through June 2024. A revised forecast of the fund depletion timeframe and updated end-of-year actuals were noted. Brian Stitzel reviewed the full fiscal year projected and actual premium contributions, other revenues, claims, GLP-1 utilization and spend, expenses, plan member enrollments and cost experience by group.

Faith Rentz notified Committee members that the U.S. Food and Drug Administration (FDA) announced approval of Wegovy for a new indication to reduce the risk of cardiovascular death, heart attack and stroke in adults with cardiovascular disease and a co-occurring diagnosis of overweight or obesity. The SBO is working with the CVS pharmacy benefit manager to assess projected impact to the GHIP.

Brian Stitzel displayed the updated five-year projection with a 2% minimum reserve for FY25 and 4% of operating expenses thereafter. Recommended premium rate increases for future plan years for all groups was displayed.

GHIP Trend Assumptions

Brian Stitzel outlined the current and recommended trend assumptions for the FY25 plan year based on historical gross claims increases, national health care trend and actual cost and utilization of medical and pharmaceutical benefits in the GHIP. WTW did not recommend any changes in trend on the active and pre-65 medical gross claims. however, a 2% increase was recommended on the Medicfill medical gross claims. The recommendation for the active & pre-65 prescription gross claims and the Medicfill prescription gross claims was to approve separate components of the pharmacy trend (gross spend before GLP-1's and PrudentRx, GLP-1 for weight loss, GLP-1 for diabetes and PrudentRx savings). The goal for prescription claims is to initially set a higher trend assumption, then once GLP-1 spend and new utilization starts to level out, adjusting these components accordingly.

Committee members raised concern over the recommended trend assumption for the active & pre-65 medical gross claims for FY25, stating that the current trend assumption of 6% seems insufficient and an increase in trend for FY25 to 8% would seem more appropriate. Committee members are expected to vote on the GHIP trend assumptions at the August 26 meeting.

FY25 OPEN ENROLLMENT RESULTS – DEPUTY DIRECTOR LEIGHANN HINKLE, SBO

Deputy Director Hinkle summarized the FY25 Open Enrollment (OE) results and changes in membership for active employees and non-Medicare retirees for health, vision and dental plans, as well as supplemental benefit programs.

INFLATION REDUCTION ACT – EMPLOYER GROUP WAIVER PLAN (EGWP) – JACLYN IGLESIAS, WTW

Jaclyn Iglesias provided a brief recap on the Inflation Reduction Act (IRA) and the proposed option to align the State's GHIP EGWP plan out-of-pocket spending cap with the IRA's Standard Medicare Part D benefit effective January 1, 2025, where the member threshold for reaching the "catastrophic coverage" phase reduces to \$2,000.

A MOTION was made by Commissioner Navarro and seconded by Secretary Manning to approve the proposed change to reduce the State EGWP plan year out-of-pocket spending cap from \$2,100 to \$2,000 annually beginning January 1, 2025.

MOTION ADOPTED UNANIMOUSLY.

SECURIAN GROUP UNIVERSAL LIFE (GUL) INSURANCE RENEWAL – SECRETARY CLAIRE DEMATTEIS, DHR

The Securian Group Universal Life insurance renewal options for July 1, 2025 through June 30, 2026, were displayed during the meeting and Committee members were asked to vote on one of these options.

A MOTION was made by Shaun O'Brien and seconded by Commissioner Navarro to approve option one, a 10% decrease for the active Group Universal Life rates and a 9% decrease for the Supplemental Accidental Death and Dismemberment rates with the remainder of the rates remaining unchanged effective July 1, 2025.

MOTION ADOPTED UNANIMOUSLY.

APPROVAL OF EXECUTIVE SESSION MINUTES – SECRETARY CLAIRE DEMATTEIS, DHR

A MOTION was made by Secretary Manning and seconded by Shaun O’Brien to approve the executive session minutes from the June 24, 2024 meeting of the State Employee Benefits Committee.

Abstentions – Karen Field Rogers, Commissioner Navarro

MOTION ADOPTED UNANIMOUSLY.

OTHER BUSINESS

No Other Business.

ADJOURNMENT

A MOTION was made by Shaun O’Brien and seconded by Secretary Manning to adjourn the public session at 3:42 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