



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
AUGUST 26, 2024**

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on August 26, 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
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
Chief Justice Collins Seitz, Delaware Supreme Court
Karen Field Rogers, State Retiree

Committee Members Not in Attendance:

Treasurer Colleen Davis, State Treasurer, Office of the State Treasurer (“OST”)
Commissioner Trinidad Navarro, Insurance Commissioner, Department of Insurance (“DOI”)

Others in Attendance

Director Faith Rentz, SBO, DHR	Robert Scoglietti, Deputy Controller General, OCG
Deputy Director Leighann Hinkle, SBO, DHR	Stuart Snyder, Chief of Staff, DOI
Stephanie Hartos, SEBC and SEBC Subcommittee Manager, Recorder	Deputy State Treasurer Jordan Seemans, OST
Nina Figueroa, Health Policy Advisor, SBO, DHR	William Oberle, Delaware State Trooper’s Association
Pamela Barr, SBO, DHR	Jennifer Moyer, Aetna
Susan Meadows-Arnold, SBO, DHR	Leah White, Aetna
Michelle Whalen, DAG, DOJ, SEBC Legal Counsel	Lisa Mantegna, Highmark Delaware
Deputy Secretary Jennifer Biddle, DHR	Charlene Hrivnak, CVS Health
Cherie Dodge Biron, Director, Financial & Administrative Services, DHR	Randall Bryniarski, CVS Health
Heather Johnson, Controller, DHR	Carrie Schiavo, Delta Dental
Asia Surguy-Bonnewell, Fiscal Manager, DHR	Bria Greenlee, 302 Strategies
Dawn Warman, DHR	Jennifer Rini, Director of Communications, Lt. Governor’s Office
Joanna Adams, Pension Administrator, Office of Pensions (“OPen”)	Brian Frazee, DHA
Kathy Nedelka, HRIS Specialist, PHRST, OMB	Angela Taylor, DHSS
Jaclyn Iglesias, Willis Towers Watson (“WTW”)	Kylie Taylor, OMB
Brian Stitzel, WTW	Gisela McKenzie, UD
Michelle Gast, WTW	Julie Greenwood, UD
Steven Costantino, Director Health Care Reform, DHSS	Mary Kate McLaughlin, BT Law
Jeanette Hammon, Sr. Fiscal and Policy Analyst, OMB	LeVar Johnson, Novo Nordisk
Secretary Rick Geisenberger, DOF	John Van Gorp, Bayhealth
Ashley Tucker, Deputy State Court Administrator, AOC	Sarah Petrowich, Delaware Public
David Bentz, Deputy Director, DMS, DHSS	Deldra Gregory-Colvin, Colonial SD
	Barbara Philbin
	Becky Scarborough

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

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Bob Clarkin
Greg Mills

Tom Pledge
Lynda Hastings

CALLED TO ORDER – SECRETARY CLAIRE DEMATTEIS, DHR

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

APPROVAL OF PUBLIC SESSION MINUTES – SECRETARY CLAIRE DEMATTEIS, DHR

A MOTION was made by Shaun O'Brien and seconded by Controller General Miller to approve the public session minutes from the July 22, 2024 meeting of the State Employee Benefits Committee.

MOTION ADOPTED UNANIMOUSLY.

APPROVAL OF EXECUTIVE SESSION MINUTES – SECRETARY CLAIRE DEMATTEIS, DHR

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

Abstentions – Chief Justice Seitz

MOTION ADOPTED UNANIMOUSLY.

PUBLIC COMMENT

Committee members received 3 written public comments that were provided in advanced by the Statewide Benefits Office. The President of the Delaware Healthcare Association provided comment on healthcare cost trends and expressed interest in collaborating with the Committee to address healthcare costs. Members of the public provided comment on agenda items presented at today's meeting related to the financial data and the public disclosure of the audit reports.

Director Cade and Lieutenant Governor Hall-Long arrived to the meeting.

DIRECTOR'S REPORT – DIRECTOR FAITH RENTZ, SBO, DHR

The contract bid period has closed for the following request for proposals (RFPs): Flexible Spending Account (FSA), Pretax Commuter and COBRA (3 bids received), the Employee Assistance Program (EAP) (7 bids received), and the Accident and Critical Illness insurance (2 bids received). The Proposal Review Committees (PRCs) will convene to evaluate the bid responses in the next several weeks.

Director Rentz provided an update to the 2024 Open Enrollment presentation that was provided to the SEBC at the July 22 meeting, specifically on July Highmark plan enrollment compared to June Highmark plan enrollment. The Highmark Comprehensive Preferred Provider Organization (PPO) family plan had a 3% decrease in enrollment while the employee only, employee and children, and employee and spouse plans showed slight increases. The Highmark First State Basic plan showed increases ranging from 0.1% for employee only to upwards of 4.4% for employee and child coverage. The overall Highmark plan enrollment for July 2024 compared to June 2024 increased by 0.3%.

Included in meeting materials, Committee members received a training and communications report which will be provided quarterly and included on the SEBC webpage.

Contract negotiations are still underway with Highmark Delaware and the U.S. Digestive Health provider group. Non-Medicare Highmark members who may have questions about services such as referrals, network providers, or continuation of care should contact Highmark directly for assistance. Highmark sent a communication on July 23, 2024 to plan members to officially inform members of the provider termination. Approximately 590 State of Delaware Medicfill members also received this letter in error and Highmark is in the process of writing a correction letter to be sent on August 29, 2024.

The Statewide Benefits Office (SBO) has been working with the Department of Justice (DOJ), Claims Technology Incorporated (CTI) auditor for the medical and prescriptions plans and the third party administrators and the

pharmacy benefit manager on redaction of information that may be considered by the vendors to be non-public under Delaware FOIA. This process has been time consuming. SBO expects to have the full review completed in the upcoming weeks and will provide the requested reports to the FOIA requester, Bob Clarkin and the Committee. The Department of Human Resources (DHR) and DOJ are working to make future audits, when issued as final, available to the Committee and the public.

FINANCIALS – BRIAN STITZEL, WTW

GHIP Trend Assumptions

Brian Stitzel reviewed the development of the trend assumptions for FY25 and provided an update to the Committee which reflects a change to the active employee and pre-65 retiree medical gross claims from a 6% trend assumption to an 8% trend assumption and modification to the GLP-1 component of the pharmacy trend. A summary of the recommended FY25 trend assumptions from the Subcommittee is as follows:

- Active Employee and Pre-65 Retiree Medical Gross Claim Trend – Recommended to increase from 6% (FY24) to 8% (FY25)
- Active Employee and Pre-65 Retiree Pharmaceutical Gross Claim Trend – Recommended to increase from 9% (FY24) to 29% (FY25)
- Medicfill Medical Gross Claim Trend – Recommended to increase from 3% (FY24) to 5% (FY25)
- Medicfill Pharmaceutical Gross Claim Trend – Recommended to increase from 9% (FY24) to 11% (FY25)

Shaun O'Brien questioned the large increase in the recommended trend assumptions and requested additional clarification, specifically on the GLP-1 utilization included in the Active Employee and Pre-65 Retiree Pharmaceutical Gross Claim trend. Brian Stitzel reviewed the FY24 actual GLP-1 claims utilization and spend and noted that GLP-1 utilization has significantly increased over the fiscal year and will continue to grow in FY25. The GHIP's spend for weight loss GLP-1 drugs increased by 21% in July 2024, which was largely due to an increase in utilization and is a contributing factor in the reassessment of FY25 pharmaceutical claim assumptions.

APPROVAL OF THE GHIP TREND ASSUMPTIONS FOR FY25

A MOTION was made by Secretary Manning and seconded by Chief Justice Seitz to approve the proposed trend assumptions for FY25 as presented by WTW and recommended by the Financial and Health Policy & Planning Subcommittees of the SEBC.

MOTION ADOPTED UNANIMOUSLY.

FY25 GHIP Projections & Budget

Brian Stitzel presented the FY25 budget with the approved trend assumptions and detailed projected enrollments, premium contributions, revenues, claims, and expenses. The impact of the Inflation Reduction Act (IRA) on the GHIP for FY25 shows a significant projected increase in EGWP revenues. The FY25 budget by month was outlined and shows the fund going negative during the first half of the plan year due to cash flow, rebates running on a quarterly basis and Medicare premiums not increasing until January 1, 2025, however, the fund is expected to end FY25 with a positive cash balance.

Brian Stitzel detailed the GHIP long-term health care cost projections and showed two scenarios with varying rate actions over the next three plan years.

The Committee will be asked to vote on the FY25 budget at the September 23rd meeting. Voting and approval of any premium rate adjustments for FY26 will occur in March 2025.

FY24 GHIP GLP-1 Managed Net Cost

Brian Stitzel displayed and briefly reviewed the overall value of GLP-1 drug management for diabetes and weight loss.

July Fund Report

Agenda item was not presented.

FY24 Q4 Financial Reporting

Agenda item was not presented.

Director Cade left the meeting.

STATE OF DELAWARE MEDICARE OPEN ENROLLMENT – DIRECTOR FAITH RENTZ, SBO, DHR

The upcoming Medicare Open Enrollment (OE) will be October 14 - 25, 2024 for benefits effective January 1, 2025. Medicare pensioners will be sent OE packets on September 30 and the Highmark Medicfill Medicare Plan booklet will be posted to the SEBC webpage prior to OE.

Director Rentz reviewed the timetable for pensioner OE packets and the website posting of the Highmark Special Medicfill Plan booklet. SBO will be conducting OE education sessions both in-person in each Delaware county and virtually. Locations and dates for education sessions was presented. The CY25 premium rates were displayed with the new rates that will take effect January 1, 2025.

The new Special Medicfill contract with Highmark is undergoing review and is expected to be finalized by October 1, 2024.

GROUP UNIVERSAL LIFE INSURANCE BENEFIT REQUEST FOR PROPOSAL (RFP) – JACLYN IGLESIAS, WTW

Jaclyn Iglesias discussed the Group Universal Life (GUL) insurance proposed scope of work which includes the following four options; issuing an RFP for a plan that matches the current GUL benefit, offering an enhanced GUL plan design, offering group term life insurance that primarily matches the current GUL benefit, and offering group term life insurance with enhancements. The SBO will be conducting an employee survey to gauge employee preference on the two different life insurance options in early 2025. A breakdown of each plan design was presented. WTW would recommend not offering both a GUL and term life insurance policy simultaneously, rather offer one in lieu of the other, as this would allow the state a greater ability to negotiate more favorable pricing. The Committee members will be asked to provide a decision on the scope of work at the September 23rd meeting.

Shaun O'Brien requested information on the timing of the employee survey and if the PRC members will have any input into the survey. Director Rentz stated that the survey is expected to release in March 2025 and a review by the PRC is contingent on member appointments and when a meeting can be set.

Deputy Treasurer Jordan Seemans, on behalf of Treasurer Davis, stated that the Treasurer is in full support of offering employees a GUL insurance plan and sees little value in term life insurance plans. Additionally, the Treasurer would like the State to better promote the cash value account that is part of the GUL insurance plan.

AUDIT SERVICES RFP – SCOPE OF WORK – JACLYN IGLESIAS, WTW

Jaclyn Iglesias outlined the scope of work for the audit services RFP with the potential to include emerging audit capabilities and provided Committee members with feedback from Subcommittee members regarding the inclusion of newer audit companies on the market and offering real-time audit capabilities. Committee members were asked to provide feedback on including these emerging audit capabilities and the term of the contract award.

Secretary DeMatteis provided support to include emerging audit capabilities in the scope of services for the upcoming RFP.

HOUSE RESOLUTION 32 AND UPDATES ON GHIP DIABETES PROGRAMS AND SERVICES – SEBC & SEBC SUBCOMMITTEES, MANAGER STEPHANIE HARTOS, SBO, DHR

Agenda item was deferred to the September 23rd meeting due to time constraints.

EXECUTIVE SESSION

A MOTION was made by Shaun O'Brien and seconded by Lieutenant Governor Hall-Long to move into the Executive Session at 3:52 p.m.

MOTION ADOPTED UNANIMOUSLY.

The Public Session resumed at 4:06 p.m.

OTHER BUSINESS

No Other Business.

ADJOURNMENT

A MOTION was made by Secretary Manning and seconded by Lieutenant Governor Hall-Long to adjourn the public session at 4:09 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