



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
FEBRUARY 21, 2025**

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on February 21, 2025. The meeting was held virtually and in person at 841 Silver Lake Boulevard, Suite 200, Dover, DE 19004.

Committee Members in Attendance:

Director Brian Maxwell, Office of Management & Budget (“OMB”), SEBC Chair
Treasurer Colleen Davis, State Treasurer, Office of the State Treasurer (“OST”), Vice Chair
Secretary Yvonne Gordon, Department of Human Resources (“DHR”)
Jeff Taschner, Executive Director, Delaware State Education Association (“DSEA”)
Commissioner Trinidad Navarro, Insurance Commissioner, Department of Insurance (“DOI”)
Ashley Tucker, Deputy State Court Administrator, Chief Justice of the Supreme Court Designee, Administrative Office of the Courts (“AOC”)
Lieutenant Governor Kyle Gay, Office of the Lt. Governor
Steven Costantino, Director of Healthcare Reform, Secretary of the Department of Health & Social Services (“DHSS”) Designee
Paul Baumbach, President of the Delaware State Troopers Association (“DSTA”) Designee
Karen Peterson, State Retiree
Bill Oberle, State Retiree
Controller General Ruth Ann Miller, Office of the Controller General (“OCG”) – Non-Voting Member

Others in Attendance

Director Faith Rentz, SBO, DHR	Eric Poston, Merative
Deputy Director Leighann Hinkle, SBO, DHR	Robert Scoglietti, Deputy Controller General, OCG
Stephanie Hartos, SEBC and SEBC Subcommittee Manager, SBO, DHR	Ann Visalli, Deputy Director, OMB
Nina Figueroa, Health Policy Advisor, SBO, DHR	Michael Begatto, Executive Director, Delaware Public Employees Council 81
Amber Cahill, SBO, DHR	Andrea Godfrey, Deputy Director of Budget Development and Planning, OMB
Pamela Barr, SBO, DHR	Michelle Carpenter, HRIS Manager, PHRST, OMB
Marie Hartigan, SBO, DHR	Julie Caynor, Aetna
Ashli Warman, SBO, DHR	Katherine Impellizzeri, Aetna
Wendy Hrupsa-Sherwood, SBO, DHR	John Gadzinski, Highmark Delaware
Michelle Whalen, Deputy Attorney General, DOJ, SEBC Legal Counsel	Randy Garcia, CVS Health
Cherie Dodge Biron, Director, Financial & Administrative Services, DHR	Charlene Hrivnak, CVS Health
Heather Johnson, Controller, DHR	Paula Roy, Roy & Associates
Dawn Warman, DHR	Kylie Taylor-Roberts, OMB
Jessica Washer, DHR	Daniel Arndt, OMB
Stephenie Tatman, Deputy Pension Administrator, Office of Pensions (“OPen”)	Mark Brainard, Lt. G. Office
Jaclyn Iglesias, Willis Towers Watson (“WTW”)	Jordan Seemans, OST
Kant Khatri, WTW	Sarah Stowens, Lt. G. Office
Michelle Gast, WTW	Christy Wright, LegHall
Brian Stitzel, WTW	Jules Villeco, DHA
Walter Mateja, Merative	Richard Alvarez, Teledoc Health
	Gisela McKenzie, UD
	Patricia Marney, City of Dover

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

Mary Kate McLaughlin, BT Law
Jared Aupperle
Barbara Philbin
Lynda Hastings
Bob Clarkin
Elisa Diller
Gloria James
Joan DeFattore
Rebecca Scarborough
Steve LePage
Tom Pledge

Audrey Noble
Carol Forbes
Courtney Perry
Mike Kempinski
Richard Phillips
Tanner Polce
Wanda Pfeiffer
Carole Mick, SBO, DHR – Recorder, State
Employee Benefits Committee and
Subcommittees

CALLED TO ORDER – DIRECTOR BRIAN MAXWELL, OMB

Director Maxwell officially called the meeting to order at 2:02 p.m.

INTRODUCTION OF COMMITTEE MEMBERS - DIRECTOR BRIAN MAXWELL, OMB

Committee member introductions were conducted to welcome newly appointed members to the Committee.

APPROVAL OF MINUTES – DIRECTOR BRIAN MAXWELL, OMB

A MOTION was made by Commissioner Navarro to approve the public session minutes from the December 20, 2024 meeting of the State Employee Benefits Committee (SEBC).

Motion was tabled.

SEBC STRUCTURE – STEPHANIE HARTOS, SEBC AND SEBC SUBCOMMITTEE MANAGER, SBO

Stephanie Hartos provided an overview of the SEBC membership and structure. Membership of the SEBC is established in Title 29 of the Delaware Code which was recently revised on January 1, 2025 due to the passage of House Bill (HB) 282 with House Amendments (HA) 1, 2, and Senate Amendment (SA) 1 from the 152nd General Assembly. Stephanie Hartos noted the changes to the SEBC structure with the passing of HB 282, including details on the position of the vice-chair.

ELECTION OF VICE-CHAIR - DIRECTOR BRIAN MAXWELL, OMB

Director Maxwell announced that two members of the SEBC expressed interest in the position of vice-chair. Paul Baumbach and Treasurer Davis were given two minutes to speak to Committee members on their interest in the role.

Karen Peterson arrived to the meeting.

Director Maxwell called the election of the vice-chair to a vote. Paul Baumbach received five votes and Treasurer Davis received 6 votes. Treasurer Davis was officially elected vice-chair of the SEBC by majority vote.

Election Results

Candidate Paul Baumbach – Paul Baumbach, Bill Oberle, Jeff Taschner, Commissioner Navarro, Karen Peterson
Candidate Treasurer Davis – Treasurer Davis, Director Maxwell, Secretary Gordon, Lieutenant Governor Gay, Steven Costantino, Ashley Tucker

SEBC RESPONSIBILITIES - STEPHANIE HARTOS, SEBC AND SEBC SUBCOMMITTEE MANAGER, SBO

Stephanie Hartos reviewed the SEBC responsibilities set forth in 29 Del.C. Ch. 96 and compliance with the Freedom of Information Act (FOIA) requests as required by 29 Del.C. Ch. 100. Additionally, SEBC and Subcommittee members must follow the Delaware Code of Conduct and Conflict of Interest provisions under 29 Del.C. §5805 and §5806.

Karen Peterson asked about whether the provision on *Ex Parte* communication within the Administrative Procedures Act (APA) applies to this Committee. Deputy Attorney General Michelle Whalen stated that this Committee is prohibited from having a meeting outside of the public meeting, however, will review the provision.

A CY2025 critical items timeline was presented which depicts a month-to-month overview of priority items the SEBC will need to review and consider throughout the calendar year. It was recommended that the SEBC develop a work plan to determine items for exploration through FY2026 and allocate research to the Subcommittees.

The SEBC responsibilities slide deck does include information on the function and roles of the three Subcommittees in the appendix. Further discussion on these Subcommittees will occur at the April SEBC meeting.

Karen Peterson asked about Subcommittee member appointments. Director Maxwell stated that SEBC members need to determine agenda items for the Subcommittees before appointments can be made.

Bill Oberle requested to have SEBC members provide input on future agenda items such as holding a roundtable discussion. Director Maxwell stated that the SEBC can add a standing agenda item to discuss topics for future agendas but is open to other ideas on how to develop the work plan.

STATEWIDE FINANCIAL OVERVIEW – OFFICE OF MANAGEMENT AND BUDGET – ANN VISALLI, DEPUTY DIRECTOR, OMB

Deputy Director Ann Visalli provided a presentation on the State's FY2026 budget and financial overview. The presentation included details on long-term financial sustainability, source of funds data, operating appropriations data, benchmarking statistics, operating growth data, FY2026 door openers, and FY2026 discretionary growth. The solutions sheet displays 2024 actuals and projected financial data for FY2025-FY2028 with a 5% operating growth. The overall budget process was detailed, and it was noted that Governor Meyer intends to complete a budget reset in March 2025.

DECEMBER 2024 AND JANUARY 2025 FUND REPORT AND FINANCIAL UPDATE – BRIAN STITZEL, WTW

Brian Stitzel presented the December 2024 and January 2025 fund reports and FY25 budget projections versus actual experience through January 2025.

December fund experience came in \$1.2M worse than budget, mainly due to the timing of when certain items hit the fund on the claims and revenue side. Employee premium contributions were again below budget. Other revenues were significantly better than budget due to a higher than expected Coverage Gap Discount payment and receiving the 2023 year-end reconciliation payment earlier than expected.

Paul Baumbach asked about the \$5.5M shared savings payment to Highmark that has yet to be added to the re-forecasted budget. Director Faith Rentz stated that SBO received the report from Highmark and is currently reviewing with WTW. The shared savings payment will be paid in March and will be discussed with the SEBC at the April meeting as part of the March Fund report.

Steven Costantino requested more information on what metrics are used to constitute a shared savings payment. Director Faith Rentz stated that due to the robust nature of the contract terms, this will be included in the discussion when the final report is shared with the SEBC.

Karen Peterson asked if administrative expenses for the GHIP come from the OPEB fund and referenced the Delaware Code on how OPEB funds can be used. Director Faith Rentz confirmed that OPEB funds are only used to pay retiree premiums, which are then used to pay for GHIP expenses. Further discussion on this topic can be discussed at a future meeting.

Brian Stitzel continued to review the December fund report and noted that claims ran \$7.3M worse than budget due to an extra claims payment to Highmark occurring in December 2024 rather than in January 2025. Expenses ran worse than budget due to a higher than expected program fee.

Brian Stitzel reviewed the January 2025 fund report and noted that January ran \$10.3M better than budget, primarily due to only needing to pay four Highmark invoices as opposed to the five that were budgeted as well as overall claims experience running better than budget. The overall FY25 budget is running approximately \$12.5M better than budget. This does not factor in the potential \$5.5M shared savings payment to Highmark.

Per request from Bill Oberle, a more detailed overview of healthcare pricing and utilization will be discussed at a future meeting.

Long-Term Projections by Group

Brian Stitzel outlined the long-term projections and premium rate increase scenarios through FY28 for all groups combined (actives, pre-Medicare retirees, and Medicare retirees), with and without the University of Delaware (UD) and detailed the potential impact of each scenario. Each long-term projection includes a premium rate increase scenario to target a \$0 deficit.

Several SEBC members expressed support for the three-year smoothing approach. Jeff Taschner stated that he does support the smoothing approach, however, does not want this option to lessen the urgency of needing to have a discussion on the high healthcare costs in Delaware.

Per request from Jeff Taschner, WTW will conduct an analysis on enrollments into the GHIP and determine if enrollment assumptions need to be adjusted for future fiscal years.

Director Maxwell asked when UD will need to decide whether they will be staying or leaving the State's GHIP. Director Faith Rentz stated that UD has until March 3, 2025 to notify the SBO of their final decision.

FY25 STRATEGIC FRAMEWORK – JACLYN IGLESIAS, WTW

Agenda item was deferred due to time constraints.

CONTRACTING AND REQUEST FOR PROPOSALS (RFP) PROCESSES - JACLYN IGLESIAS, WTW

Jaclyn Iglesias provided an overview of the contracting and renewal process for employee and retiree benefits which included the RFP process, implementation and contract negotiations, open enrollment, and contract effective date. A summary of upcoming contract renewals and current contract negotiations was presented.

Regarding the life insurance RFP, Treasurer Davis stated that this is an employee pay-all benefit and the SEBC should choose a life insurance plan based on employee preference and not just a lower cost benefit.

Karen Peterson commented that the SEBC should investigate alternative prescription drug coverage such as a reverse auction platform or prescription drug affordability board instead looking for a pharmacy benefit manager (PBM) with the upcoming PBM RFP. Jaclyn Iglesias commented that the SEBC will need to have a deeper discussion on the prescription drug coverage options that currently exist in the marketplace today.

Jaclyn Iglesias detailed the CY2025 RFP timeline with the medical and prescription audit services RFP currently in progress. Upcoming CY2025 RFPs include the following: life insurance, PBM, vision insurance, and health data warehouse. CY2026 RFPs include medical third-party administration (TPA) services, dental insurance, and consulting and actuarial services.

The SBO will be reaching out to Committee members for designees to serve on the Proposal Review Committee (PRC) for the medical and audit services RFP.

PUBLIC COMMENT

Committee members received one written public comment that was received by the Statewide Benefits Office. Members of the public provided comment on agenda items related to healthcare costs and upcoming RFPs.

APPROVAL OF MINUTES – DIRECTOR BRIAN MAXWELL, OMB

The tabled MOTION made by Commissioner Navarro was represented and seconded by Treasurer Davis to approve the public session minutes from the December 20, 2024 meeting of the State Employee Benefits Committee (SEBC).

Abstentions – Director Maxwell, Secretary Gordon, Ashley Tucker, Steven Costantino, Jeff Taschner, Paul Baumbach, Karen Peterson, Bill Oberle

MOTION ADOPTED UNANIMOUSLY.

A MOTION was made by Commissioner Navarro to approve the executive session minutes from the December 20, 2024 meeting of the SEBC.

Jeff Taschner questioned whether voting on executive session minutes should occur in a public meeting.

A MOTION was made by Bill Oberle and seconded by Lieutenant Governor Gay to table the approval of the executive session minutes in public session until legal guidance can be provided.

MOTION ADOPTED UNANIMOUSLY.

OTHER BUSINESS

Director Maxwell informed Committee members that the SBO will be scheduling the remainder of CY2025 SEBC meetings and to reach out to the SBO with any concerns over meeting cadence.

ADJOURNMENT

A MOTION was made by Jeff Taschner and seconded by Karen Peterson to adjourn the public session at 4:21 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