

**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
APRIL 25, 2025**

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on April 25, 2025.
The meeting was held virtually and in person at 841 Silver Lake Boulevard, Suite 200, Dover, DE 19904.

Committee Members Represented or in Attendance:

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

Committee Members Not Represented or in Attendance:

Steven Costantino, Director of Healthcare Reform, Secretary of the Department of Health & Social Services
 (“DHSS”) Designee
Lieutenant Governor Kyle Gay, Office of the Lt. Governor

Others in Attendance

Director Faith Rentz, SBO, DHR
Deputy Director Leighann Hinkle, SBO, DHR
Stephanie Hartos, SEBC and SEBC Subcommittee
Manager, SBO, DHR
Pamela Barr, SBO, DHR
Amber Cahill, SBO, DHR
Deputy Secretary Courtney Hutt, DHR
David deBruin, Deputy Attorney General, DOJ,
SEBC Legal Counsel
William Tate, Attorney, DOJ, Open Legal Counsel
Cherie Dodge Biron, Director, Financial &
Administrative Services, DHR
Joanna Adams, Pension Administrator, Office of
Pensions (“Open”)
Stephenie Tatman, Deputy Pension Administrator,
Office of Pensions (“Open”)
Hope Manion, Willis Towers Watson (“WTW”)
Kant Khatri, WTW
Michelle Gast, WTW
Brian Stitzel, WTW
Brian Holloran, WTW
Kristin McKee, WTW

Sarah Tarnish, WTW
Eric Poston, WTW
Walter Mateja, Merative
Ann Visalli, Deputy Director, OMB
Andrea Godfrey, Director of Budget Development and
Planning, OMB
Katherine Impellizzeri, Aetna
Susan Dahms, Highmark Delaware
Wendy Beck, Highmark Delaware
Marina Mangerie, CVS Health
Carrie Schiavo, Delta Dental
Paula Roy, Roy & Associates
Brennon Fountain, Deputy State Treasurer
Kristal Diaz, Open
Meagan Iwaskiewicz, OMB
Kylie Taylor-Roberts, OMB
Suzanna Milewski, OMB
Mark Brainard, Lt. Gov. Office
Kevin Myers, Lt. Gov. Office
Angela Taylor, DHSS
Stephen Cha, DHSS
Christina Haas, DOI

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

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Jules Villecco, DHA
John Van Gorp, Bayhealth
Kristin Dwyer, Nemours
Jordan Seemans
Barbara Philbin
Brian Tinsley
Nicole Freedman
Henry Dudlek
Rebecca Byrd

Steve LePage
Mary Graham
Marcinda Haedge
Elisa Diller
Alicia Gray
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 2:00 p.m.

APPROVAL OF MARCH 21, 2025 SEBC MINUTES – DIRECTOR BRIAN MAXWELL, OMB

A MOTION was made by DSEA Representative Jeff Taschner and seconded by State Retiree Karen Peterson to approve the public session minutes from the March 21, 2025 meeting of the State Employee Benefits Committee (SEBC), with two edits requested by State Retiree Karen Peterson.

MOTION ADOPTED UNANIMOUSLY.

STATEWIDE BENEFITS OFFICE DIRECTOR’S REPORT – DIRECTOR FAITH RENTZ, SBO

The Statewide Benefits Office (SBO) received notification from Holloway Terrace Volunteer Fire Company No. 1 on April 4, 2025 of their intention to participate in the Group Health Insurance Plan (GHIP). The group’s effective enrollment date is August 1, 2025 due to the minimum 4-month notification requirement.

The Centers for Medicare & Medicaid Services (CMS) released final notice on April 4, 2025 that Medicare is not requiring Medicare Part D Employer Group Waiver Plans (EGWP) to cover GLP-1s for the weight loss indication for 2026.

State of Delaware Open Enrollment (OE) for the non-Medicare health plans, dental, vision and other employee benefits is Thursday, May 1, 2025 through Friday, May 16, 2025.

The Reciprocity Health TheraPay 100-person diabetes prevention program pilot launch for eligible State employees enrolled in a Highmark Delaware non-Medicare health plan was reported in the March 21, 2025 SBO Director’s report to be expected to launch by mid-April. This launch date was not met, and SBO has advised Highmark to delay the launch until after Open Enrollment to ensure the offering is extended to eligible employees who will be enrolled in a Highmark plan for the July 1 plan year.

Crozer Health has announced that it will officially close on May 2, 2025. Highmark plans to notify members who have accessed services through the health system in the last year and to assist in coordinating care. Just over 500 State of Delaware members have used services at Crozer Medical Center in the last year and will be sent those notifications. SBO is awaiting details of member impacts to those enrolled in an Aetna plan, however, Aetna has confirmed that they will send similar notifications.

Committee members received meeting invitations for SEBC meetings to be held from July – December 2025. Meetings will be moved to Tuesdays at 2:00pm. State Retiree Karen Peterson asked if the Committee would consider moving the May 23, 2025 meeting due to the upcoming holiday. Director Rentz stated that following the meeting, SBO will outreach to the Chair and Vice-Chair for availability to determine if there is availability to move the May meeting to another date.

The Life Insurance RFP was advertised on April 8, 2025. Intents to bid have been received from Hartford Life and Accident Insurance Company, MetLife, New York Life Insurance Company, The Prudential, and Securian.

Legislative Updates

House Bill 56 – The bill would require GHIP medically necessary excess skin removal and Panniculectomy coverage. The Highmark Delaware and Aetna plans cover the procedures as required and there are no fiscal impacts or administrative concerns. This bill was passed by the House on April 17, 2025 and awaits hearing before the Senate Banking, Insurance & Technology Committee.

Senate Bill 6 – The bill proposes numerous changes to the prior authorization process for healthcare and pharmacy related services. The bill was introduced on April 10, 2025 and reported out of the Senate Banking, Business, Insurance, & Technology Committee on April 16, 2025. There are no immediate fiscal implications to the GHIP as the bill will not go into effect until 2027. Re-contracting for medical and pharmacy will occur prior to effective the date.

Draft Legislation – Reverse Auction for Pharmacy Benefit Manager (PBM) Procurements – SBO and SEBC Leadership have engaged with Senate Majority Leader Bryan Townsend and the DOJ to discuss potential revisions to Delaware Code to allow the SEBC to consider a reverse auction for future pharmacy benefit management procurements. Currently, Delaware Code only allows reverse auctions when procuring for non-professional services, meaning changes would need to be made to allow the SEBC to use a reverse auction to procure for this benefit.

The SEBC received a report with today's meeting materials, detailing how other states have utilized reverse auctions for PBM procurements, including information on projected savings for those states and outcome reviews where available. These states often required an initial procurement to take place for a technology vendor to administer the reverse auction. Additionally, these states added a requirement that following the implementation of a new PBM contract, the State and technology vendor conduct real-time pharmacy claims adjudication to ensure accurate billing practices and ongoing monitoring of compliance with contract terms. The Office of Management and Budget's Government Support Services informed SBO that it would take 1-2 years to ensure time and funding for a procurement of a technology vendor to support a reverse auction and subsequent claims adjudication process. The SEBC could utilize WTW for a reverse auction for an additional fee, though the reverse auction would be an additional step to the current procurement process and would not include the subsequent claims monitoring and adjudication as seen in other states.

The SEBC will need to vote to approve the PBM RFP at the June 27, 2025 meeting. Committee member consensus at today's meeting is needed on whether there is interest in pursuing a modified reverse auction with WTW for the 2025 PBM RFP, assuming a bill can be passed and signed in a timely manner to give the SEBC this authority.

Advising on Conflicts of Interest

Director Rentz reminded the SEBC that several RFPs are in progress and will be a major component of the SEBC workplan for the next 18 to 24 months. Each RFP contains specific language with regards to designated contacts and contact with State employees. Direct contact with State of Delaware employees or personnel – including members of the SEBC and the Proposal Review Committee – other than the State of Delaware Designated Contacts regarding the RFP, is expressly prohibited without prior consent. Vendors directly contacting such individuals risk elimination of their proposal from further consideration. Exceptions exist only for organizations currently doing business in the State who require contact in the normal course of doing that business.

This provision is applicable when the proposal is live; however, to preserve the integrity of the RFP process, a best practice is to avoid discussion with vendors that could be potential bidders in our current or upcoming RFPs. The goal is to avoid any appearance of impropriety and to minimize risk to the State and potential bidders.

Leadership Changes

SBO received notification on April 24, 2025 that Nick Moriello has stepped down as President of Highmark Delaware, effective immediately. This has no direct impact on our daily operations with Highmark and SBO is awaiting further information on a replacement. Carole Mick has accepted an internal promotion and will be transitioning from serving as administrative support for the SEBC but will remain in the short term until a replacement has filled the

position. Director Rentz will be stepping down as Director of Statewide Benefits and Insurance Coverage and will be retiring from the State of Delaware.

Secretary Gordon formally announced Director Rentz's retirement on May 31, 2025 and SEBC and Subcommittee Manager, Stephanie Hartos, will be stepping into the role of Director for the Division of Statewide Benefits and Insurance Coverage, effective June 1, 2025.

OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST QUESTION – FOLLOW UP – WILLIAM TATE, ATTORNEY, OFFICE OF PENSIONS

Attorney William Tate, appearing on behalf of the Office of Pensions, provided clarification on the use of the OPEB trust fund and stated that after carefully analyzing the law, consulting with others, and reviewing the financial accounting, the OPEB funds are being administered correctly. The funds that come out of the OPEB trust fund are being used as statutorily required for the payment of the State's portion of the retirees' health care benefits. Additionally, it was previously suggested that GHIP surpluses are required by law to be returned to the OPEB trust fund, however, Mr. Tate advised that the Committee has statutory discretion on how to manage GHIP surpluses or deficits, including delivering surpluses to the disability insurance program or the OPEB trust fund, or retaining surpluses for future costs.

Karen Peterson expressed continued concern that there is a violation of the OPEB trust fund law. Mr. Tate provided further clarification related to the OPEB trust fund and stated that according to 29 *Del. C.* § 5210, the SEBC has the authority to allocate surplus funds as a reserve for future costs in the GHIP or to direct funds to the disability insurance program or the OPEB trust fund.

A discussion continued with the SEBC on the handling of surplus funds within the GHIP. Director Maxwell commented the SEBC can incorporate an annual vote to determine the disposition of GHIP surplus funds. Treasurer Davis added that a further discussion can be had with the SEBC Financial Subcommittee.

VISION BENEFIT REQUEST FOR PROPOSALS (RFP) – SCOPE OF WORK – MICHELLE GAST, WTW

Michelle Gast reviewed the scope of work for the vision benefit RFP which included some background information on the State's vision benefit, a comparison of the State's current plan to typical vision plan designs, feedback from a recent State employee survey, considerations for the upcoming RFP, and proposed RFP objectives.

Committee members had a discussion related to the vision benefit RFP and discussed various options for a modified vision plan based on State employee survey feedback specific to the current vision benefit.

SBO and WTW will continue to incorporate SEBC feedback into the scope of work and a review of the Vision RFP will occur at the May SEBC meeting. The SEBC will be asked to vote on the final Vision RFP at the June 27, 2025 meeting.

PHARMACY BENEFIT MANAGEMENT (PBM) – BRIAN HOLLORAN & SARAH TARNISH, WTW

Overview

Brian Holloran provided a summary on Pharmacy Benefit Managers (PBMs), including a brief description of a PBM and priorities for the State to consider when contracting with a PBM, pharmacy networks, formularies, and utilization management.

Sarah Tarnish detailed prescription pricing arrangements for retail networks, mail order and specialty pharmacy, and explained pharmacy rebates and administrative fees.

Committee members had a discussion related to the current PBM contract specific to PBM audits, PBM relationships with drug manufacturers and drug pricing discounts, PBM/client rebate payment options, cost plus models, and transparency.

Karen Peterson requested information related to the exact administrative fees that the State pays to the current PBM. SEBC and Subcommittee Manager Stephanie Hartos stated that SBO will review the request and noted that some of the fees may be considered confidential and proprietary by the State's PBM. Jeff Taschner also requested that vendor Administrative Services Only (ASO) fees be broken down by vendor rather than combined into one total. Director Rentz reiterated that SBO will work on providing this data to the SEBC; however, some may be considered confidential and proprietary.

Committee members continued their discussion related to the PBM contract, benchmark standards, and transparency. Paul Baumbach requested consideration to ensure that the PBM RFP contains an emphasis on transparency of costs associated with the contract. Karen Peterson stated that the current PBM RFP limits who can bid on the contract due to requirements set forth in the draft PBM RFP. Director Maxwell commented that WTW can provide details on the draft PBM RFP requirements and potentially make modifications.

Request for Proposal (RFP) – Scope of Work

Brian Holloran reviewed the PBM RFP scope of services used for the 2020 PBM RFP to determine what changes the SEBC would like to make prior to the finalizing the 2025 PBM RFP.

Paul Baumbach requested to include language in the RFP requiring deadlines for data and appointment requests to ensure data can be reviewed in a timely manner.

Several Committee members showed support for including a cost plus model in the PBM RFP.

Director Rentz asked whether the SEBC should include only the cost plus model in lieu of the transparent model. Sarah Tarnish commented that WTW recommends including both the cost plus model and the transparent model in the RFP.

Committee members continued a discussion on cost plus models and transparency models for pharmacy benefits administration. Paul Baumbach requested consideration to make changes to the minimum years of experience requirement for PBMs to bid.

Sarah Tarnish provided an update on the CVS market check which ensures that CVS pricing guarantees for the GHIP in the final contract year remain competitive with the pharmacy benefit marketplace.

SEBC PLANNING – WORKPLAN AND SUBCOMMITTEE RESOLUTION - STEPHANIE HARTOS, MANAGER, SEBC AND SUBCOMMITTEES, SBO, DHR

Stephanie Hartos provided an overview of the SBO recommendation that the SEBC develop a workplan to determine topics for exploration during FY26 and for designating research and recommendations to be conducted by the Subcommittees. The Subcommittees consist of the Financial, the Health Policy & Planning, and the Retiree Healthcare Benefits Advisory.

The Committee reviewed the workplan areas of interest based on feedback and discussions from the Committee to date. The SEBC can modify the workplan. The workplan areas of interest fell into 3 categories: cost-reduction opportunities, benefit enhancement opportunities, and opportunities with the upcoming medical plan RFP.

The Committee was asked to further identify topics, prioritize, and propose assignment of topics to an existing Subcommittee or establish a specialized workgroup.

Stephanie Hartos summarized the Resolution that was passed on September 24, 2018, which established the creation of two Subcommittees: The Financial Subcommittee and The Health Policy & Planning Subcommittee. This Resolution was further modified by the SEBC on April 17, 2023. Additional modifications are necessary as a result of the enactment of HB 282 with HA 1, HA 2 and SA 1 from the 152nd General Assembly. Separately, SB 29 with SA 1

from the 152nd General Assembly, established the Retiree Healthcare Benefits Advisory Subcommittee (RHBAS). The RHBAS was tasked with specific requirements which included submitting a report on findings and recommendations to the Governor and General Assembly. This report was submitted at the end of 2024 and there is no requirement to continue meetings for this Subcommittee, however, the SEBC may reconvene this Subcommittee at any time.

Committee members were asked to review and submit revisions for the Resolution that established the Financial Subcommittee and Health Policy & Planning Subcommittee and submit topics for the FY26 workplan no later than Friday, May 6, 2025 to allow SBO adequate time to prepare materials for the May meeting.

MARCH 2025 FUND REPORT AND FINANCIAL UPDATE – BRIAN STITZEL, WTW

Brian Stitzel presented the March 2025 fund report and FY25 budget projections versus actual experience through March 2025. Employee premium contributions continue to run below budget. Other revenues were significantly better than budget due to a timing issue with the CVS Commercial and Employer Group Waiver Plan (EGWP) rebates, which were expected in February but received in March. Claims ran about \$5.2M better than budget due to claims experience across all GHIP groups; expenses ran worse than budget due to higher than expected program fees and office expenses primarily driven by Open Enrollment mailings. The overall FY25 budget is running approximately \$7M better than projected.

GLP-1 commercial claims for weight loss and anti-diabetes trended higher than budget in March, however, total GLP-1 claims for the fiscal year remain slightly better than budget projections.

Brian Stitzel reviewed the long-term projections 3-year smoothing approach with the approved 4.2% premium rate increase for FY26.

Bill Oberle asked if a review of GLP-1s has been conducted to include benchmarks or a standard before a prescription is authorized by a doctor. Brian Holloran stated that there is a prior authorization approval requirement. Diabetic members need to present documentation of a type 2 diabetes diagnosis which includes an A1C test. Members prescribed GLP-1s for weight loss must have a BMI of at least 30 or 27 with other related comorbidities.

PUBLIC COMMENT

Committee members were provided a written public comment. Members of the public provided comment on agenda items related to pharmacy benefits.

OTHER BUSINESS

Paul Baumbach requested consideration to extend meeting times to 3 hours citing 2 hours is insufficient due to the large volume of topics that require discussion and that meeting materials be distributed 4-5 business days prior to a meeting to allow SEBC members enough time to review and provide feedback.

ADJOURNMENT

A MOTION was made by Karen Peterson and seconded by Commissioner Navarro to adjourn the meeting at 4:42 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