

**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
JUNE 27, 2025**

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on June 27, 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
Brennan Fountain, Deputy State Treasurer, State Treasurer Colleen Davis Designee, 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”)
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
Paul Baumbach, President of the Delaware State Troopers Association (“DSTA”) Designee
Jeff Taschner, Executive Director, Delaware State Education Association (“DSEA”)
Commissioner Trinidad Navarro, Insurance Commissioner, Department of Insurance (“DOI”)
Karen Peterson, State Retiree Representative
Bill Oberle, State Retiree Representative
Controller General Ruth Ann Miller, Office of the Controller General (“OCG”) – Non-Voting Member

Others in Attendance

Director Stephanie Hartos, SBO, DHR	Brian Stitzel, WTW
Kristin Short, SEBC and SEBC Subcommittee Manager, SBO, DHR	Brian Holloran, WTW
Nina Figueroa, Health Policy Advisor, SBO, DHR	Kristin McKee, WTW
Marie Hartigan, SBO, DHR	Sunny Kelkar, WTW
Pam Barr, SBO, DHR	Dave Orendorf, WTW
Ashli Warman, SBO, DHR	Eric Poston, Merative
Carole Mick, SBO, DHR	Ann Visalli, Deputy Director, OMB
Deputy Secretary Courtney Hutt, DHR	Andrea Godfrey, Director of Budget Development and Planning, OMB
Dawn Warman, DHR	Michelle Carpenter, HRIS Manager, PHRST, OMB
Michelle Whalen, Deputy Attorney General, DOJ, SEBC Legal Counsel	Robert Scoglietti, Deputy Controller General, OCG
Cherie Dodge-Biron, Director, Financial & Administrative Services, DHR	Jennifer Moyer, Aetna
Heather Johnson, Controller, DHR	John Gadzinski, Highmark Delaware
Madison Emeigh, Fiscal Advisor II, DHR	Wendy Beck, Highmark Delaware
Joanna Adams, Pension Administrator, Office of Pensions (“OPen”)	Randy Garcia, CVS Health
Stephenie Tatman, Deputy Pension Administrator, OPen	Charlene Hrivnak, CVS Health
Hope Manion, Willis Towers Watson (“WTW”)	Randall Bryniarski, CVS Health
Kant Khatri, WTW	Victor Gutierrez, CVS Health
Michelle Gast, WTW	Marina Mangerie, CVS Health
	Carrie Schiavo, Delta Dental
	Paula Roy, Roy & Associates
	Drecina Fraser, OMB
	Aundrea Almond, Governor’s Office

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

841 Silver Lake Boulevard, Suite 100, Dover DE 19904 (D620E)

Phone: 1-800-489-8933 • Fax: (302) 739-8339 • Email: benefits@delaware.gov • Website: de.gov/statewidebenefits

Sarah Stowens, Lt. Gov. Office
Stephen Cha, DHSS
Christina Haas, DOI
Jules Villecco, DHA
Naomi Poole, City of Dover
Tanner Polce
Brian Tinsley
Bob Clarkin
Barbara Philbin

Nancy Schuman
Steve LePage
Gloria James
Elisa Diller
Brian Frazee
Ryan Carling
Amber Cahill, 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 JUNE 13, 2025 SEBC MINUTES – DIRECTOR BRIAN MAXWELL, OMB

A MOTION was made by State Retiree Karen Peterson and seconded by State Retiree Bill Oberle to approve the public session minutes from the June 13, 2025 meeting of the State Employee Benefits Committee (SEBC).

Abstentions – DSTA Representative Paul Baumbach

MOTION ADOPTED UNANIMOUSLY.

APPROVAL OF JUNE 13, 2025 SEBC EXECUTIVE SESSION MINUTES – DIRECTOR BRIAN MAXWELL, OMB

A MOTION was made by State Retiree Bill Oberle and seconded by State Retiree Karen Peterson to approve the executive session minutes from the June 13, 2025 meeting of the SEBC.

Abstentions – DSTA Representative Paul Baumbach, Commissioner Trinidad Navarro

MOTION ADOPTED UNANIMOUSLY.

STATEWIDE BENEFITS OFFICE DIRECTOR'S REPORT – DIRECTOR STEPHANIE HARTOS, SBO, DHR

At the December meeting, the SEBC approved contract award recommendations for the Group Accident and Critical Illness Supplemental Insurance, Employee Assistance Program (EAP), and FSA/Pre-Tax Commuter/COBRA benefit programs. The Group Accident and Critical Illness Supplemental Insurance contract was awarded to Securian, the EAP contract was awarded to Health Advocate, and the FSA, Pre-Tax Commuter, and COBRA benefits contract was awarded to ASI Flex. The effective date for all three contracts is July 1, 2025 and implementation is complete.

Last fall, the SEBC approved a new incentive-based Diabetes Prevention Pilot Program called TheraPay, through Reciprocity Health and Highmark Delaware, which will be launched on July 1, 2025. Eligible state employees who are Highmark members and are at risk for developing type II diabetes can enroll beginning July 1, 2025 and earn up to \$275 for participating in the free YMCA Diabetes Prevention Program, which also includes four months of a free YMCA family membership. This pilot is limited to the first 100 enrollees, and eligible members will begin receiving communications next week. The SEBC will be provided regular updates on the status of this pilot, including outcomes following the conclusion of the pilot.

The last day of the first half of the 153rd General Assembly session concludes on Monday, June 30, 2025. A full review of legislation that would have an impact on the Group Health Insurance Plan (GHIP) and SEBC will be presented to the SEBC at the July meeting. The following bills have moved in the past few weeks:

- Senate Bill (SB) 12 with Senate Amendment (SA) 1, the Delaware Pre-Authorization Reform Act of 2025, strengthens consumer protections by reforming how insurers manage pre-authorization for healthcare services. Passed both the House and Senate and is ready for action by the Governor.
- House Bill (HB) 56, mandates all individual, group, blanket, and state-regulated health insurance plans in Delaware cover the medically necessary removal of excess skin and subcutaneous tissue. The SEBC is already in compliance with this legislation as we cover this procedure as medically necessary under our health plans. Passed both the House and Senate and is ready for action by the Governor.

- Senate Substitute (SS) 1 for Senate Joint Resolution (SJR) 7, directs the SEBC to utilize specific strategies and policies when interacting and contracting with Pharmacy Benefit Managers (PBMs) to achieve lower cost pharmaceutical drug benefit plans for the State. Voted out of the House Administration Committee on June 25, 2025 and is now on the Ready List for the House after having already passed the Senate.
- SS 1 for SB 134, seeks to revise the definition of reverse auctions and permits the use of reverse auctions for the procurement of professional services for or related to pharmaceuticals or pharmacy benefits management services. Voted out of the House Administration Committee on June 25, 2025 and is now on the Ready List for the House after having already passed the Senate.

REQUEST FOR PROPOSALS (RFPS)

Vision Benefit RFP – Michelle Gast, WTW

Michelle Gast provided a high-level overview of the Vision Benefit RFP, outlining all steps taken to date and providing clarity on previously raised questions. The SEBC had no additional questions or proposed revisions to this RFP.

Deputy State Treasurer Brennon Fountain arrived to the meeting at 2:27 p.m.

APPROVAL OF THE VISION BENEFIT RFP

A MOTION was made by State Retiree Karen Peterson and seconded by DSTA Representative Paul Baumbach to approve the Vision Benefit RFP as written and to be advertised in August 2025 for an anticipated contract effective date of July 1, 2026.

Voting Yes – DSEA Representative Jeff Taschner, Director Brian Maxwell, Secretary Yvonne Gordon, Lieutenant Governor Kyle Gay, Deputy State Court Administrator Ashley Tucker, Director Steven Costantino, Deputy State Treasurer Brennon Fountain, DSTA Representative Paul Baumbach, State Retiree Bill Oberle, State Retiree Karen Peterson

Not Voting – Commissioner Trinidad Navarro

MOTION ADOPTED UNANIMOUSLY.

Pharmacy Benefit Manager (PBM) RFP – Review of Draft RFP – Brian Holloran & Kristin Mckee, WTW

Brian Holloran reviewed each requested modification to the draft PBM RFP by SEBC members for discussion and finalization of this proposal. Committee members proceeded to conduct a robust discussion to finalize proposed revisions which included discussion on the scope of services, minimum bid requirements, RFP submission criteria, criteria weight, questionnaire, and technical revisions.

Brian Holloran and Kristin Mckee reviewed and discussed a pricing request which was added to the PBM RFP in Attachment 35, *Commercial Top 50 Specialty and Non-Specialty Drug Pricing*.

SEBC member feedback on SS 1 for SJR 7 was provided to the Committee and DSTA Representative Paul Baumbach requested a modification to expand language on Point two relating to the development of a Committee on pharmacy and therapeutics.

Brian Holloran outlined the draft scoring criteria and weighting for the PBM RFP. Several Committee members suggested that the weight assigned to Audit Rights, Transparency/Net Cost, and Flexibility at 15% should be increased. The Committee was unable to reach a consensus on which other criteria should be reduced to accommodate this change.

A list of PBM carriers to include in the “invitation to bid” communication for the PBM procurement will be provided to Committee members. Committee members may also choose not to send any invitations to bid, and carriers can sign-up for notifications for certain types of procurements through the State’s Government Support Services notification system.

APPROVAL OF THE PHARMACY BENEFIT MANAGER (PBM) RFP

A MOTION was made by State Retiree Karen Peterson and seconded by Secretary Yvonne Gordon to approve the Pharmacy Benefit Management RFP as submitted and posted publicly on June 20, 2025 with the following revisions:

Business Reference Revisions

- Page 19, update language regarding business references to the following, “Provide three (3) business references consisting of two (2) current and one (1) terminated and/or expired customers of similar scope using Attachment 5. Include business name, mailing address, contact name and phone number, number of years doing business with, and type of work performed. Personal references cannot be considered. State of Delaware personnel may not be used as references.”
- Page 235, Appendix A, update language regarding business references to the following, “One (1) completed Business References form (See Attachment 5) – please provide references other than State of Delaware contacts – Form must be included. Your company must have proven ability to perform the services described in this RFP. Of your company's current clients, please list two (2) or more references, of similar scope. Additionally, please provide references for one (1) terminated and/or expired clients and note the date of termination and/or expiration with the reason.”
- Page 236, Appendix A, update language regarding business references to the following, “The total of three (3) references requested should include at least two (2) active and one (1) terminated and/or expired client to be procured through this competitive RFP process. If possible, at least one current reference should be a public sector client, though this is not a requirement. For each reference, indicate any involvement by staff members who will be servicing the State's account in the event of contract award. For references from clients with expired contracts, there are no timing restrictions on how recently the reference and your company terminated the contractual relationship. Please ensure ALL references provided in your response include valid contact information (e.g., name, phone number, email address, etc.) and are aware that they will be contacted during the RFP evaluation process.”

Criteria Weight Revisions

- Page 22, Audit Rights, Transparency/Net Cost and Flexibility, update language to say, “Ability to go above and beyond requested audit rights and transparency terms as stated in the Minimum Bid Requirements.”

Questionnaire Revisions

- Add, “Describe your willingness to allow the administration and fulfillment of specific drug classes, including GLP-1s, to be carved out to another vendor.”
- Add, “Please confirm your organization's ability to provide the State with access to all pricing data necessary to derive net cost of State prescription claims, in real-time.”
- Add, “Please confirm that your organization will support an organization such as a Pharmacy and Therapeutics Committee (P&T Committee) working solely on behalf of the SEBC to develop a formulary designed to provide an ongoing review of all the medications contracted by the SEBC.”
- Add, “Given that low-cost providers and pharmacies (e.g., Civica, Mark Cuban Cost-Plus Drugs, GoodRx) continue to come to market, confirm how you will allow members to access drugs through these more affordable suppliers and pharmacies, especially in situations where the member can determine your price is significantly higher.”
- Add, “Please describe your process and timeline of preferring a generic or biosimilar when available for a brand name drug.”
- Page 123, Contractual Provisions and Other Legal Requirements, Bullet 4, update to say, “Confirm the ability and flexibility to support State of Delaware, or an intra-state compact if the State chooses to join other states, with a strategy for direct contracting of select drugs with select manufacturers (e.g., direct negotiations with a pharmaceutical manufacturer for the pricing of one of their products, conducted by State of Delaware or its representative) at any time during the term of this agreement.”

Technical Revisions

- Page 3, Remove 11:00am from “RFP Released” row
- Page 5, revise to say, “The SEBC seeks a pharmacy benefit management partner for prescription drug benefit services effective July 1, 2026, with minimal disruption in member experience and clinical oversight.”
- Page 8, Minimum Bid Requirement number 13, remove the sentence, “Please also provide additional detail of the large and complex clients you currently service, including experience managing pharmacy benefits for clients in the public sector” and move to the Questionnaire.
- Page 7, Minimum Bid Requirement number 3, change “Attachment 1” to “Attachment 32”.
- Page 28, Section 5. Licenses and Permits, revise second paragraph to say, “By October 1, 2025, the PBM shall either furnish the State of Delaware with proof of State of Delaware Business Licensure or authorization obtained through the Delaware Department of Insurance, or both as applicable”, to align with revisions made to Minimum Requirement #10 in the June 20, 2025, version of the RFP.
- Page 45, Attachment 28, QB7 Report, add “Confidential, NDA required” sub-bullet.
- Attachment 35, add a column to allow documentation of a biosimilar if the PBM does not carry the drug documented in attachment 35.

Voting Yes – DSEA Representative Jeff Taschner, Director Brian Maxwell, Secretary Yvonne Gordon, Lieutenant Governor Kyle Gay, Deputy State Court Administrator Ashley Tucker, Director Steven Costantino, Deputy State Treasurer Brennon Fountain, DSTA Representative Paul Baumbach, State Retiree Bill Oberle, State Retiree Karen Peterson, Commissioner Trinidad Navarro

MOTION ADOPTED UNANIMOUSLY.

Health Data Warehouse RFP – Scope of Services – Dave Orendorf, WTW

Dave Orendorf reviewed the Health Data Warehouse RFP which included background information, high-level objectives, scope of services, SEBC member feedback, and an outline of the RFP questionnaire. The SEBC will be asked to vote on this RFP at the July meeting and can submit feedback on the RFP to SBO through the end of day on Monday, July 7, 2025.

During the discussion, State Retiree Bill Oberle raised concerns specific to the language used in the presentation regarding the ownership, handling, and sharing of GHIP data. Dave Orendorf provided information on the requirements in place regarding the sharing of data between data warehouse vendors, which is typically prohibited due to NDA's the data warehouse vendor(s) have in place with the health and pharmacy plan administrators. Director Costantino provided insight that the question of ownership over the data would be better addressed in the contracts with the Third-Party Administrators (TPAs) making it clear that the State is the owner of their data. Committee members requested this discussion continue at future meetings.

FINANCIALS – BRIAN STITZEL, WTWMay 2025 Fund Report and Financial Update

Brian Stitzel presented the May 2025 fund report and FY25 budget projections versus actual experience through May 2025. Employee premium contributions continue to run below budget. Other revenues were significantly better than budget due to higher-than-expected CVS Commercial and Employer Group Waiver Plan (EGWP) rebates. Claims ran about \$15.5M better than budget due to an additional Highmark invoice being processed in April but was budgeted for May. The overall FY25 budget is running approximately \$13M better than projected. GLP-1 experience for the month of May shows an uptick in utilization for weight loss management while utilization for anti-diabetes remained stable based on projections.

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

Commissioner Navarro requested the average per-utilizer cost of GLP-1s for weight loss and diabetes, which average about \$1,300 per script, not inclusive of rebates.

State Retiree Bill Oberle asked about a reference in the Appendix of the FY26 GHIP Trend Assumptions presentation regarding mention of positive efficacy data on GLP-1 usage and questioned the contents of the data. Brian Holloran stated that there have been several studies conducted about the medical return on investment (ROI) of GLP-1s and thus far, all known studies concluded that GLP-1 utilization does not exceed the cost of the medications at this point, however, GLP-1s do provide a definite medical benefit for health-related complications such as diabetes, cancer, or joint replacement. Director Maxwell commented that the SEBC needs continue developing a work plan and GLP-1 cost and utilization can be included as a topic for discussion.

FY25 Q3 Financial Reporting

The FY25 Q3 Financial Reporting was provided as supplemental material and not presented.

FY26 GHIP Trend Assumptions

Brian Stitzel outlined the current and recommended trend assumptions for the FY26 plan year based on historical gross claims increases and pharmacy trend by component (gross spend excluding GLP-1's and PrudentRx savings, GLP-1's for weight loss, GLP-1's for diabetes, PrudentRx savings, and rebates). Appendix data on the long-term trend considerations and a summary of tariff implications was included in the FY26 GHIP Trend Assumptions presentation.

WTW did recommend the following changes to the trend assumptions for FY26:

- Active Employee and Pre-65 Retiree Medical Gross Claim Trend – Recommended to maintain 8% for FY26
- Active Employee and Pre-65 Retiree Pharmaceutical Gross Claim Trend – Recommended to decrease from 29% (FY25) to 16% (FY26) since actual trends for FY25 came in at 27%
- Medicfill Medical Gross Claim Trend – Recommended to increase from 5% (FY25) to 6% (FY26)
- Medicfill Pharmaceutical Gross Claim Trend – Recommended to decrease from 11% (FY25) to 10% (FY26) since actual trends came in at 12%

PUBLIC COMMENT

Committee members received a written public comment that was received by the Statewide Benefits Office. Members of the public provided comment on agenda items related to pharmacy benefits.

OTHER BUSINESS

No other business.

ADJOURNMENT

A MOTION was made by State Retiree Karen Peterson and seconded by DSTA Representative Paul Baumbach to adjourn the public session at 4:12 p.m. MOTION ADOPTED UNANIMOUSLY.

Respectfully submitted,

Amber Cahill, Statewide Benefits Office, Department of Human Resources,
Recorder, State Employee Benefits Committee, and Subcommittees