

MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
September 2, 2025

The State Employee Benefits Committee (the “Committee”) met at 2:00 p.m. on September 2, 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
Treasurer Colleen Davis, State Treasurer, Office of the State Treasurer (“OST”), Vice Chair
Secretary Yvonne Gordon, Department of Human Resources (“DHR”)
Evelyn Nestlerode, 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
Commissioner Trinidad Navarro, Insurance Commissioner, Department of Insurance (“DOI”)
Karen Peterson, State Retiree Representative
Controller General Ruth Ann Miller, Office of the Controller General (“OCG”) – Non-Voting Member

Committee Members Not in Attendance:

Jeff Taschner, Executive Director, Delaware State Education Association (“DSEA”)
Bill Oberle, State Retiree

Others in Attendance

Director Stephanie Hartos, SBO, DHR
Kristin Short, SEBC/Subcommittee Manager, SBO, DHR
Leighann Hinkle, SBO, DHR
Samantha Mountz, SBO, DHR
Pam Barr, SBO, DHR
Ashli Warman, SBO, DHR
Deputy Secretary Courtney Hutt, DHR
Michelle Whalen, Deputy Attorney General, DOJ, SEBC Legal Counsel
Michele Williams, Director, Financial & Administrative Services, DHR
Heather Johnson, Controller, DHR
Ashley Blok, DHR
Marie Hartigan, DHR
Hope Manion, Willis Towers Watson (“WTW”)
Michelle Gast, WTW
Brian Stitzel, WTW
Walt Mateja, Merative
Michelle Carpenter, HRIS Manager, PHRST, OMB
Robert Scoglietti, Deputy Controller General, OCG

John Gadzinski, Highmark Delaware
Pamela Price, Highmark Delaware
Marina Mangerie, CVS Health
Blake Quick, Delta Dental
Kevin Myers, Governor Office
Mark Brainard, Lt. Gov Office
Christina Haas, DOI
Victoria Jones, DOI
Cristine Vogel, DOI
Daniel Arndt, OMB
Ann Visalli, OMB
Suzanne Milewski, OMB
Martha Lodge Helojoki, DHSS
Valerie McCarten, Leg Hall
Stephanie Tatman, OPen
Johanna Adams, Open
Victor Gutierrez, EGWP
Paula Roy, Roy & Associates
Steve LePage
Jennifer Miller
Marie Dellose
Charlene Hrivnak
Corey Deck

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

Rebecca Scarborough
Leah White
Nancy Schuman
Dale Swain
Stephanie Smith
Bria Greenlee
Gloria James
Ryan Carling
Lynda Hastings
Phylcia Edmonds

Laura Peppleman
Barbara Philbin
Mike Kempinski
Tom Pledgie
George Scheppler
Nick Stonesifer
Danielle Cross, SBO, DHR
Carole Mick, SBO, DHR – Recorder, SEBC and
Subcommittees

CALLED TO ORDER – DIRECTOR BRIAN MAXWELL, OMB

Director Maxwell officially called the meeting to order at 2:00 p.m.

APPROVAL OF July 29, 2025 SEBC MINUTES – DIRECTOR BRIAN MAXWELL, OMB

A MOTION was made by State Retiree Karen Peterson and seconded by Secretary Yvonne Gordon to approve the public session minutes from the July 29, 2025 meeting of the State Employee Benefits Committee (SEBC). Evelyn Nestlerode abstained. Motion passed.

Lieutenant Governor Kyle Gay arrived at 2:02p.m.

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

Director Hartos opened her report with updates on Medicare Open Enrollment, legislative changes, and RFP activity.

- **Medicare Open Enrollment:** The Special Medicfill Medicare Supplement Plan Open Enrollment will run October 20–31, 2025, for benefits effective January 1, 2026. Retirees will receive information through the Fall Pensioner Newsletter (mailing September 29), Open Enrollment packets from the Office of Pensions (mailing October 6), and updated resources posted to the SBO and Pensions websites. The 2026 Highmark Special Medicfill plan booklet will be posted online following release of *Medicare & You 2026* by CMS.
- **Legislative Updates:** On August 25, Governor Meyer signed SS1 for SJR 7 and SB 12.
 - SS1 for SJR 7 directs the SEBC to adopt PBM contracting strategies to reduce drug costs and to submit a report by August 1, 2026.
 - SB 12, the Delaware Pre-Authorization Reform Act of 2025, reforms insurer pre-authorization practices and takes effect in 2027.
- **RFP Updates:**
 - PBM: 12 vendors submitted intent to bids and attended the mandatory pre-proposal meeting; proposals due September 12, 2025.
 - Vision: 6 vendors submitted intent to bids and attended the mandatory pre-proposal meeting; proposals due September 19, 2025.
 - All Intent to Submit lists are posted on the State of Delaware Bids and Contracts website.

Paul Baumbach arrived at 2:05p.m.

GLP-1 TRENDS AMONG DELAWARE COMMERCIAL FULLY INSURED RESIDENTS – INSURANCE COMMISSIONER TRINIDAD NAVARRO

Commissioner Navarro presented data on GLP-1 drug utilization and costs in Delaware's commercial fully insured market. He reported that plan and member costs have remained relatively flat from 2020 to 2023, while manufacturer rebates have increased sharply, often exceeding the plan's net cost per prescription. Utilization has more than doubled from 2020 to 2023, driving a 137% increase in per member per month spending, with GLP-1s representing about 6% of pharmacy spend for the commercial fully insured market during this reporting period. The Commissioner highlighted the clinical benefits of GLP-1s but cautioned against rebate-driven formulary changes by PBMs. Delaware's Office of Value-Based Healthcare Delivery collects detailed PBM data, and the Commissioner asked whether the SEBC would support similar GHIP data collection.

Members discussed balancing access and cost, the risks of cost-sharing structures that may reduce rebates, and the need to evaluate long-term financial and health outcomes. Lieutenant Governor Gay emphasized linking coverage to nutrition or incentive programs to maximize outcomes. Director Hartos confirmed that under the State's contract with CVS Caremark, 100% of rebates are passed through, and the SEBC-approved PBM RFP will begin requiring vendors to submit pharmacy data annually to the Office of Value-Based Healthcare Delivery.

PROPOSAL REVIEW COMMITTEE (PRC) COMPOSITION – DIRECTOR STEPHANIE HARTOS, SBO, DHR

Director Hartos began providing an overview of the proposed Proposal Review Committee (PRC) composition for the four active RFPs, those being life insurance benefits, pharmacy benefit management (PBM), vision benefits, and health data warehouse. The PRC composition for these RFPs follows the legal advice provided by the SEBC's legal counsel, the Department of Justice, and is consistent with the language contained in the four RFPs as approved by the Committee earlier this year.

State Retiree Karen Peterson objected to accepting the proposed PRC composition, referencing a previous discussion about reviewing various options and an independent legal opinion obtained by DSTA Representative Paul Baumbach prior to the meeting. During the meeting, it was noted that the independent opinion was written by a senior legislative attorney in their individual capacity who does not represent SEBC relating to the question of PRC composition. It was also noted that legislative counsel confirmed that they would not defend their opinion in litigation because they do not represent the SEBC. The Committee discussed whether to take the advice of its legal counsel and the risks associated with considering an outside legal opinion. DSTA Representative Paul Baumbach stated that the SEBC legal counsel's legal advice disregards legislative intent of HB 282 and requested that the chair put into record the opinion of the senior legislative attorney. The SEBC Chair declined citing the advice of counsel. Deputy Attorney General Michelle Whalen read a portion of 29 *Del. C. § 2507*. The SEBC Chair reviewed the proposed PRC structure.

A MOTION was made by Commissioner Navarro and seconded by Secretary Gordon to proceed with the four PRCs as stated in the presentation.

Discussion on the motion included a request for a more comprehensive review of the composition of these four PRCs. Director Hartos reviewed the PRC structure is as follows:

Life Insurance

- Designees of appointed members will be recused from serving on this PRC any further.
- The four appointed SEBC members may choose to serve themselves on this PRC in place of their designees, re-conducting vendor interviews at the availability of the vendors, evaluating vendor proposals, scoring, and assisting with the award recommendation.
- Designees of members serving by virtue of their position will remain on the PRC as permitted in the RFP and Title 29 of Delaware Code.

PBM

- All SEBC members are encouraged to serve on this PRC themselves, however, designations are permitted for Committee members serving by virtue of their position.
- Designations are not permitted for appointed members as stated in the RFP and Title 29 of Delaware Code.

Vision and Health Data Warehouse

- SEBC can consider a smaller PRC for this RFP, however, would still need to comply with the language included in the RFP regarding PRC composition.
- Regardless of the size of the PRC, the RFP states that designations are only permitted for Committee members serving by virtue of their position. Due to this, it is recommended to avoid a PRC composition comprised of less than a quorum of the SEBC for this PRC in which appointed members make designees as that directly conflicts with the language of the RFP.

DSTA Representative Paul Baumbach, referencing the SEBC Chair's decision to not share the independent legal opinion, began reading the intro and executive summary of the independent legal opinion. The SEBC Chair declined to allow Mr. Baumbach to read the opinion as previously stated and temporarily muted his microphone. After the SEBC Chair's comments, Mr. Baumbach's microphone was restored.

Karen Peterson left the meeting at 2:55p.m.

Paul Baumbach left the meeting at 3:05p.m.

Vote:

- Director Maxwell – Yes
- Lieutenant Governor Gay – Yes
- Commissioner Navarro – Yes
- Secretary Gordon – Yes
- Treasurer Davis – Yes
- Director Steven Costantino – Yes
- Evelyn Nestlerode, (Administrative Office of the Courts, Designee) – Yes
- Paul Baumbach – Not present for the vote
- Karen Peterson – Not present for vote
- Bill Oberle – Not present for vote
- Jeff Taschner – Not present for vote

Outcome: Motion carried.

FINANCIALS – BRIAN STITZEL, WTW

Mr. Stitzel presented the FY26 GHIP Budget and Projections.

- Enrollment grew 2% year-over-year but declined in July due to UD's exit.
- Premium contributions are projected at \$1.2B in FY26, down from \$1.26B, despite the 4.2% rate action.
- Other revenues are projected to increase from \$281M in FY25 to \$362M in FY26, with EGWP subsidies and rebates driving growth.
- Claims are projected to rise from \$1.4B in FY25 to \$1.5B in FY26, driven primarily by pharmacy costs.
- Total expenses are expected to decline slightly due to UD's exit.
- Projected FY26 net income is \$41M, with a year-end fund balance projected at \$137.7M and reserves at \$75.8M.

Motion:

A MOTION was made by Director Steven Costantino and seconded by Treasurer Colleen Davis to approve the FY26GHIP Budget, including projected claims and expenses totaling \$1.548B.

Motion carried unanimously.

• **Monthly Results – July 2025:**

- July 2025 experience came in \$1.7M better than budget.
- Premium contributions (\$101M) and claims (\$125.7M) were nearly on budget.
- Other revenues (\$6.2M) came in better than budget, supported by higher EGWP subsidies and a formulary true-up.
- Expenses were slightly over budget due to higher than budgeted consulting fees.
- GLP-1 expenditures were 15% lower than June, attributed to the formulary switch from Zepbound to Wegovy; utilization is expected to rebound in August.

Mr. Stitzel concluded that the GHIP remains on track for a positive FY26 financial position, despite normal monthly fluctuations.

OPEN ENROLLMENT RESULTS - DIRECTOR STEPHANIE HARTOS, SBO, DHR

Director Hartos reported minimal increases in non-Medicare health plan enrollment, stable plan option elections, and decreased enrollment in the dental plans. Enrollment in supplemental benefits increased significantly following targeted SBO communications.

Members expressed concern about dental provider access, particularly within Dominion Dental. Director Hartos noted access issues statewide and emphasized that network adequacy and performance guarantees should be priorities in the 2026 Dental RFP. Members also discussed reimbursement challenges for dentists and potential strategies to strengthen future contracts.

PUBLIC COMMENT

Member of the public addressed the Committee regarding the role of appointed members.

Member of the public requested clarification regarding the budget approved by the SEBC.

OTHER BUSINESS

No other business.

ADJOURNMENT

A MOTION was made by Secretary Yvonne Gordon and seconded by Commissioner Navarro to adjourn the public session at 3:47 p.m. Motion adopted unanimously.

Respectfully submitted,

Danielle Cross, Statewide Benefits Office, Department of Human Resources,
Recorder, State Employee Benefits Committee, and Subcommittees

A recording of the meeting is available [at this link](#) on the Delaware SEBC YouTube Page.