MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
JULY 27, 2026

The State Employee Benefits Committee (the "Committee") met at 10:00 a.m. on July 27, 2026. The meeting was held virtually and in person at 841 Silver Lake Boulevard, Suite 200, Dover, DE 19904.

Committee Members Represented or in Attendance:
Dr. Neil Hockstein, Chair of the Delaware Health Care Commission ("DHCC"), SEBC Chair
State Treasurer Colleen Davis, Office of the State Treasurer ("OST"), Vice Chair
Deputy Pension Administrator Stephenie Tatman, Director Brian Maxwell Designee, Office of Management & Budget ("OMB")
Lieutenant Governor Kyle Gay, Office of the Lt. Governor
Secretary Christen Linke Young, Department of Health and Human Services, ("DHSS")
Commissioner Trinidad Navarro, Insurance Commissioner, Department of Insurance ("DOI")
Ashley Tucker, Deputy State Court Administrator, Chief Justice of the Supreme Court Collins Seitz Designee, Administrative Office of the Courts ("AOC")
Deputy Controller General Bert Scoglietti, Controller General Ruth Ann Miller Designee, Office of the Controller General ("OCG")
Paul Baumbach, President of the Delaware State Troopers Association ("DSTA") Designee
Jeff Taschner, President of the Delaware State Education Association ("DSEA") Designee
Karen Peterson, State Retiree Representative
Bill Oberle, State Retiree Representative
Statewide Benefits Office Deputy Director Leighann Hinkle, Secretary Yvonne Gordon Designee, Department of Human Resources ("DHR") – Non-Voting Member

Others in Attendance

Kristin Short, SEBC/Subcommittee Manager, SBO, DHR
Tyler Waad, Deputy Attorney General, DOJ, SEBC Legal Counsel
John Fazio, WTW
Ashli Warman, DHR
Wendy M Beck, Highmark BCBSD Inc
Alex Shull
Barbara Philbin
Blake Quick
Bob Clarkin
Brian Tinsley
Brian Stitzel, WTW
Charlene Hrivnak, CVS
Charles Harmon, DNREC
Christina Bryan
Corey Deck, WTW
Courtney Crowe, DOL
Cristine Vogel, DOI
Debra DeLuca
George Schreppler, DCSN
Heather Hernandez, SBO, DHR
Jade Carey, OMB
Jayme Mitchell, OMB
Joanna Adams, OPen
John J Gadzinski, Highmark BCBSD Inc
Kaitlin Primavera, WTW
Kristal Diaz, OPen
Kristy L Akus
Lauren Vella
Leah R White
Leigh A Ulrich, SBO, DHR
Lynda Hastings
Michael Volpe, DOL
Michael A Smith
Michele Williams, DHR
Michelle Baldassarre, OMB
Nick Stonesifer
Pamela C Barr, SBO, DHR
Randy Garcia

Rebecca Scarborough
Sarah Stowens, Lt. Governor's Office
Stephen Wyszomierski, Highmark BCBSD Inc
Steve LePage
Grant Brunner, SBO, DHR, Recorder
Tanisha Merced, DOI
Timothy Vessel, Highmark BCBSD Inc
Walter Mateja, Merative
Samantha Mountz, SBO, DHR

CALLED TO ORDER – DR. NEIL HOCKSTEIN, CHAIR OF DHCC
Dr. Hockstein officially called the meeting to order at 10:00a.m.

Stephenie Tatman and Treasurer Davis arrived at 10:01a.m.

Bert Scoglietti arrived at 10:02a.m.

APPROVAL OF MAY 11, 2026, SEBC MEETING MINUTES – DR. NEIL HOCKSTEIN, CHAIR OF DHCC
A MOTION was made by Secretary Christen Linke Young and seconded by Commissioner Navarro to approve the minutes from May 11, 2026, meeting of the State Employee Benefits Committee (SEBC).
MOTION was adopted unanimously.

APPROVAL OF MAY 11, 2026, SEBC EXECUTIVE MEETING MINUTES – DR. NEIL HOCKSTEIN, CHAIR OF DHCC
A MOTION was made by Secretary Christen Linke Young and seconded by DSTA Designee Paul Baumbach to approve the executive minutes from May 11, 2026, meeting of the State Employee Benefits Committee (SEBC).

State Retiree Karen Peterson asked to make the following edits to the SEBC meeting minutes from May 11, 2026: State Retiree Karen Peterson time of arrival and participation in the roll call vote on the April 20, 2026 meeting minutes.

A MOTION was made by Lieutenant Governor Kyle Gay and seconded by DSTA Designee Paul Baumbach to revoke approval of the minutes from May 11, 2026, meeting of the State Employee Benefits Committee (SEBC).
MOTION was adopted unanimously.

A MOTION was made by State Retiree Karen Peterson and seconded by DSTA Designee Paul Baumbach to approve the minutes from May 11, 2026, meeting of the State Employee Benefits Committee (SEBC) with edits from State Retiree Karen Peterson.
MOTION was adopted unanimously.

A MOTION was made by State Retiree Karen Peterson and seconded by Lieutenant Governor Kyle Gay to approve the executive minutes from May 11, 2026, meeting of the State Employee Benefits Committee (SEBC).

Roll Call Vote:
- Dr. Neil Hockstein – Yes
- Treasurer Davis – Yes
- Stephenie Tatman – Yes
- Lt. Gov. Gay – Yes
- Secretary Young – Yes
- Commissioner Navarro – Yes
- Bert Scoglietti – Yes

- Ashley Tucker – Yes
- Jeff Taschner – Yes
- Paul Baumbach – Yes
- Karen Peterson – Yes
- Bill Oberle – Yes

MOTION ADOPTED by roll call.

STATEWIDE BENEFITS OFFICE DIRECTOR'S REPORT – KRISTIN BARNEKOV-SHORT, SBO, DHR

Ms. Barnekov-Short delivered a brief update on several Requests for Proposal (RFP). The Pharmacy Benefit Management (PBM) RFPs were due on April 27, 2026, and SBO received proposals from the following vendors: Capital Rx, CVS Caremark, Express Scripts, Highmark BCBS of Delaware, LucyRx Health Solutions, MedImpact Healthcare Systems, Optum Rx, Rightway Healthcare, SmithRx, and Vivid Clear Rx. After consultation with the Department of Technology & Information, the SEBC's Deputy Attorney General at the Department of Justice, and Willis Towers Watson, the following vendors have met the minimum requirements to move forward in the process: CVS Caremark, LucyRx Health Solutions, MedImpact Healthcare Systems, Optum Rx, and Vivid Clear Rx. The PBM proposal evaluation team will convene beginning in August to develop a recommendation for the committee.

The Third-Party Administration (TPA) RFPs were received from Aetna and Highmark, and they are currently being reviewed.

The Dental RFPs were due on July 13, 2026, and SBO received proposals from the following vendors: Delta Dental of Delaware, Dominion National, Humana Insurance Company, Metropolitan Life Insurance Company, Sun Life Assurance Company of Canada, and United Concordia.

The Health Data Warehouse (HDW) contract with Merative and the Vision contract with EyeMed were executed for July 1, 2026.

Ms. Barnekov-Short then moved on to explain benefit updates to the Committee. Open Enrollment took place from May 4, 2026 to May 15, 2026, and all health plans increased by 0.4 percent effective July 1, 2026. Highmark saw an increase of 0.6 percent while Aetna saw a decrease of 0.2 percent. Despite network expansion, the Dominion Dental HMO plan saw a 5.7 decrease over July 2025. The Delta Dental PPO plan had an increase of 2 percent. Vision plans saw an overall increase of 2 percent. Accident Coverage grew 15.6 percent while Critical Illness coverage grew 14.7 percent. Group Universal Life coverage increased 6.3 percent while Flexible Spending Accounts (FSA) increased by 9.6 percent.

Ms. Barnekov-Short noted that Medicfill Open Enrollment starts on September 19, 2026 and runs through September 30, 2026 for a plan year that begins January 1, 2027.

Ms. Barnekov-Short then delivered an update on the Preventive Schedule update for July 1, 2026 for Highmark. Highmark will be adding the Bright Futures Mental, Emotional, Behavioral (MEB) Assessment to be completed during a preventive PCP office visit once a year for babies at 6, 12 and 24 months; children through age 18; and young adults from ages 19 to 21. The cost estimate is $0.11-0.24 per member per month or $7905.48-$17,248.32. The average screening claims typically average from $5 to $7. Aetna confirmed that they have already included these assessments in the Preventive Schedule.

Ms. Barnekov-Short addressed an upcoming formulary update regarding weight management medication. Effective August 15, 2026, CVS will add Zepbound to our commercial template formularies.

Effective June 1, 2026, CVS will also remove the new-to-market block on Foundayo, an oral GLP-1 therapy.

Ms. Barnekov-Short next explained an update to the Highmark fertility benefit. Effective January 1, 2026, Highmark updated its fertility medical policy to align with current standards from the American Society for Reproductive Medicine (ASRM) and to provide more equitable access to fertility benefits. The key changes are as follows: single individuals and same-sex couples are no longer required to demonstrate or document infertility before accessing covered fertility services, and these members are now considered eligible for fertility treatment based on the recognized need for assisted reproductive technology (ART) to achieve pregnancy. Requirements that previously involved a waiting period, attempts at conception, or documentation of infertility have been removed for these populations.

Finally, Ms. Barnekov-Short explained an ongoing CMS audit of the Highmark Comprehensive PPO Plan. The SBO received formal notification from CMS on June 29, 2026 of their intent to conduct three Mental Health Parity and Addiction Equity Act (MHPAEA) Non-Quantitative Treatment Limit (NQTL) comparative analysis reviews of the Highmark Comprehensive PPO plan. The purpose of these reviews is to assess compliance with the requirements under Title XXVII of the Public Health Service Act (PHS Act) and its implementing regulations. SBO worked with Highmark and submitted a response on July 21, 2026.

The Committee discussed the manufacturer copay assistance for Zepbound, notification of members who were impacted by the initial removal of Zepbound from the formulary, and how the network of providers learns about formulary changes. Lieutenant Governor Kyle Gay asked for an update on whether the dependent care coverage is compliant with IRC guidelines. Additionally, Insurance Commissioner Trinidad Navarro noted that his office has handled MHPAEA reviews on the commercial side, and he would be willing to share the questions they asked Highmark.

Financials

April, May, and June 2026 Fund Report and Financial Update — Brian Stitzel, WTW

WTW consultant Brian Stitzel delivered a summary of the financials for the past three months. Combined, these months ran about $10 million worse than budget primarily in the other revenues and claims buckets. Both commercial and EGWP rebates were significantly lower than budget, but the drop in the commercial side was anticipated and due to GLP-1 expenditures being lower than budget. Pharmacy claims are lower, and so rebates are similarly lower. The most recent EGWP rebate received was significantly lower than budget due to aspects of the Inflation Reduction Act causing drug costs to be negotiated at lower prices. From a full plan year perspective, FY26 ended up roughly $8 million better than budget.

DSEA Designee Jeff Taschner noted that the weight loss GLP-1s came in roughly $50 million lower than projections in FY26, but the SEBC increased the co-pay to $200 for FY27. He asked that the Committee track the costs closely due to concerns of the out-of-pocket expense for State employees making $30,000 to $40,000 dollars per year.

FY27 GHIP Trend Assumptions — Brian Stitzel, WTW

WTW consultant Brian Stitzel explained that the SEBC reviews and approves trend assumptions every year that it is used when making long-term projections. Mr. Stitzel began by showing an increase in the overall per member per month spend over three years. For the active and pre-65 on the medical side, the average is 8 percent, the same as the current assumption. The active and pre-65 prescription drug spend increased, on average, by 18 percent. As for Medicfill, the three-year average is 8 percent, an

increase over the current assumption of 5 percent. Mr. Stitzel stated that WTW is recommending increasing the 5% going forward to 8%.

Mr. Stitzel then discussed the pharmacy trend for GLP-1 weight loss medications. The actual spend in FY26 was roughly $84 million, substantially lower than expected. Primarily, this is attributed to a large decrease in utilization of weight loss GLP-1s early in the plan year when Zepbound was removed from the formulary. Overall, the average month-over-month increase in utilization and spend was about 3 percent per month, and WTW is recommending an expected average monthly increase for FY27 of 3 percent. That would indicate a 52 percent increase over FY26 to a projected $127 million.

Next, Mr. Stitzel showed an average month-over-month increase for GLP-1 medications for diabetes of 1 percent for FY26. The projection for FY27 is the same 1 percent increase adding up to a total year-over-year increase of 18 percent. The gross spend under this assumption would rise to approximately $38 million from $33 million in FY26. For FY27 through FY30, total gross spend before rebates is projected to increase by 16 percent in FY27, 14 percent in FY28, 11 percent in FY29, and 11 percent in FY30. After factoring in projected rebates, the net plan spend on the commercial pharmacy benefit is projected to increase by 17 percent in FY27, 13 percent in FY28, 11 percent in FY29, and 11 percent in FY30. Mr. Stitzel then moved to the EGWP pharmacy trend and explained that the numbers are impacted due to aspects of the Inflation Reduction Act causing drug costs to be negotiated at lower prices. As such, the gross cost of those medications is significantly lower, but the rebates are lower as well. After factoring in those changes, the projected net cost of EGWP will increase by 1 percent in CY27, 13 percent in CY28, 14 percent in CY29, and 14 percent in CY30.

Mr. Stitzel then shared that the goal is to have the Committee vote on the trend assumptions in the August 2026 meeting.

DSTA Designee Paul Baumbach noted that on the FY26 experience by group slide of the Fund Report, there is a significant difference between the net gain/loss for Medicare retirees and that of the pre-65 retirees. Mr. Baumbach stated that when premium increases come up for a vote, he will suggest no increases until the discrepancy is lessened.

FY27 GHIP Budget and Projections — Brian Stitzel, WTW

WTW consultant Brian Stitzel stated that from an enrollment perspective, after seeing the numbers from the most recent open enrollment, there is no change to the 1 percent growth projection. Mr. Stitzel then briefly discussed the premium contributions from the active employees, pensioners, and non-Payroll Groups and projections for each month of FY27 by factoring in the contribution lag, premium increase, and the projected increase in enrollment. Next, Mr. Stitzel addressed the other revenues for the GHIP: prescription rebates, the direct subsidy, manufacturer discount program (MDP), selected drug subsidy, and federal reinsurance. Overall, WTW is projecting the other revenues components will increase from $312 million in FY26 to $322 million in FY27.

From a gross plan cost standpoint, the projection of claims reflects the anticipated 1% increase in average enrollment and the trend assumptions WTW is recommending for FY27 based on the prior presentation. Summarizing the expense side of the budget, Mr. Stitzel noted that the FY27 budget has increased slightly to approximately $49 million, up from roughly $48 million in FY26.

Mr. Stitzel then moved on to the total long-term projections. In total, based on all the assumptions, FY27 is projected to have a net loss of $5.7 million to the GHIP which would drop the cash balance down to

approximately $140 million. In FY26, the minimum reserve was set to 4 percent of current year expenses, but due to leveling off of volatility and a lowering of the GLP-1 expenditures, the recommendation going forward is 3 percent of projected claims. To maintain a $0 surplus after factoring in the minimum reserve, WTW is projecting that FY29 would need a 15.2 percent rate action followed by an 8.3 percent rate action for FY30 if the 4.2 percent rate for FY28 is approved. Mr. Stitzel indicated that a new three-year smoothing plan is available as an option. If the SEBC were to implement a FY28 through FY30 smoothing plan, a rate action of 8.5 percent per year would prevent a large single-year increase in FY29.

Secretary Christen Linke Young asked if these projections reflect reduced hospital prices under Senate Bill 1. Mr. Stitzel explained they do not, and the numbers will need to be updated now that the legislation has been signed by the Governor. Deputy Controller General Bert Scoglietti expressed concern over decreasing the minimum reserve. Mr. Stitzel responded that if the 4 percent number from the past is desired by the SEBC, the rate actions would need to be higher, and he agreed to present what that scenario would look like during August 2026 SEBC meeting. DSEA Designee Jeff Taschner asked to see what the projected numbers would have looked like if the SEBC had stayed with a 4.2 percent rate action in FY27 instead of dropping it to 2.2 percent. Deputy Pension Administrator Stephanie Tatman noted that OMB Director Brian Maxwell has concerns about lowering the minimum reserve.

SENATE JOINT RESOLUTION 7 REPORT – KRISTIN BARNEKOV-SHORT, SBO, DHR

Ms. Barnekov-Short began by explaining that the Committee reviewed a draft report during the May 11, 2026 meeting. This report would fulfill the Committee's obligation under Senate Substitute 1 for Senate Joint Resolution 7 to evaluate prescription drug cost containment strategies and report of implementation challenges no later than August 1. Ms. Barnekov-Short received revisions from Committee members, and she distributed the revisions to the Committee prior to the July meeting. On pages 1 and 2, the revisions address the makeup of the Committee due to Senate Bill 289. On page 7, revisions were made to wording to indicate that the SEBC incorporated specific strategies. On page 2, a member asked for a sentence noting the risk of fewer bidders for RFPs if additional minimum requirements are added. All other changes are minor.

DSTA Designee Paul Baumbach asked that the word "risk" be changed to "risking" for the sake of consistency. State Retiree Bill Oberle asked if this is the Committee's final report. Ms. Barnekov-Short stated that this fulfills the obligation, but it would be up to the Committee to decide if additional reports are warranted.

SEBC SUBCOMMITTEES – KRISTIN BARNEKOV-SHORT, SBO, DHR

Ms. Barnekov-Short noted that the proposed updates to the SEBC Subcommittee structure were reviewed during the May 11, 2026 Committee meeting. Two recommendations were made: The current subcommittee resolution for the previous subcommittee structure be stricken and that the Committee establish a new subcommittee structure that is aligned with the FY26-FY29 GHIP Strategic Framework. The Financial and Vendor Strategy Subcommittee and the Health Outcomes and Data Insights Subcommittee are the two new proposed Subcommittees.

Ms. Barnekov-Short proceeded to address Committee feedback. One Committee member expressed a preference for a single Subcommittee based on previous experience, but Ms. Barnekov-Short indicated that the proposed Subcommittee structure is different than the previous structure. Instead of a topic-based Subcommittee, they would be strategy-based. Each Subcommittee would be responsible for advancing a defined set of strategic goals as defined in the Framework. The Subcommittees would

commit to having joint meetings when the topic benefits from both financial and clinical perspectives. Another Committee member expressed concern of the makeup of the Subcommittees. In SBO's response, Ms. Barnekov-Short explained that the language was developed before the passing of Senate Substitute 1 for Senate Bill 289. As the issue of reaching a quorum of SEBC members is no longer a concern, a Subcommittee can have more than 5 members. However, a balance of representation on the Subcommittees is still recommended. Other requested edits included striking or adding specific wording, and Ms. Barnekov-Short recommended discussion from the SEBC.

Committee members discussed clarification of the definition of a member of the administration, the makeup of the subcommittees, and the regular attendance of the members. DSTA Designee Paul Baumbach requested that the fifth bullet of the membership makeup be updated to include the Controller General and Chair of the Delaware Health Care Commission. State Retiree Karen Peterson asked why no resolution was presented to the Committee. Ms. Barnekov-Short responded that a resolution can be created, and a vote can be postponed if that is what the Committee prefers. Additional discussion was held regarding how long individuals serve on the committee.

Dr. Neil Hockstein indicated that a resolution will be drafted and brought for a vote in the August 2026 SEBC meeting.

REVIEW COORDINATION OF BENEFITS POLICY CHANGES

Spousal Coordination of Benefits (SCOB) Policy Proposed Revisions — Samantha Mountz, SBO, DHR

After delivering the background of the SCOB Policy, Samantha Mountz explained that the policy format was updated to align with state regulations after the passage of House Bill 376. Ms. Mountz reviewed the proposed changes to the rules with the Committee. The proposed SCOB policy revisions include updating the policy format to align with state regulations and/or Medicare COB rules, replacing terms to align with language used in the Delaware Code, adding definitions and clarification language, adding language to align potential benefit offerings with market changes, and removing language that is no longer relevant. If adopted, the effective date of the updated SCOB policy will be January 1, 2027.

New Pensioner Coordination of Benefits (PCOB) Policy — Samantha Mountz, SBO, DHR

Ms. Mountz explained that the PCOB Policy will become effective on July 1, 2027, if adopted. This policy will apply to all eligible pensioners who were first employed on or after January 1, 2015, and is used to determine a Pensioner's eligibility for primary coverage under the State Plan. Per Delaware Code, the PCOB Policy must be comparable to the SCOB policy. Ms. Mountz reviewed the proposed changes to the rules with the Committee. The proposed new PCOB policy includes the definition of a pensioner, administration of the policy, coordination and coverage, determination of full-time employment, determination of contribution requirement, payment of benefits, and eligibility determination.

PUBLIC COMMENT

Mr. Brunner noted that 4 written public comments were received prior to the meeting and were distributed to Committee members. No verbal public comments were made.

APPROVAL OF SENATE JOINT RESOLUTION 7 REPORT

Ms. Barnekov-Short mentioned that in addition to the revisions previously sent to Committee members, one minor edit was added on page 2 would change "risk" to "risking."

A MOTION was made by State Treasurer Colleen Davis and seconded by DSTA Designee Paul Baumbach to approve the Senate Joint Resolution 7 Report.

Roll Call Vote:

- Dr. Neil Hockstein – Yes
- Treasurer Davis – Yes
- Stephenie Tatman – Yes
- Lt. Gov. Gay – Yes
- Secretary Young – Yes
- Commissioner Navarro – Yes
- Bert Scoglietti – Yes
- Ashley Tucker – Yes
- Jeff Taschner – Yes
- Paul Baumbach – Yes
- Karen Peterson – Yes
- Bill Oberle – Yes

MOTION ADOPTED by roll call.

OTHER BUSINESS

Dr. Neil Hockstein introduced himself to the Committee and explained why he was willing to join the SEBC as Chair.

Discussion included communication to practicing physicians and the Rural Health Transformation Program — specifically Initiative 15.

Secretary Christen Linke Young gave a brief explanation of three bills that were recently signed by the Governor: Senate Bill 1, the standardization of hospital charity care, and prohibition of for-profit acquisition of a Delaware hospital over the next two years.

ADJOURNMENT

A MOTION was made by DSTA Designee Paul Baumbach and seconded by Commissioner Trinidad Navarro to adjourn the public session at 11:45a.m. Motion was adopted unanimously.

Respectfully submitted,

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Grant Brunner, 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.