



**MINUTES FROM THE MEETING OF THE RETIREE HEALTHCARE BENEFITS ADVISORY SUBCOMMITTEE MEETING
March 06, 2023**

The Retiree Healthcare Benefits Advisory Subcommittee met at 3:00 p.m. on March 06, 2023.
The meeting was held virtually and in person at 97 Commerce Way, Suite 201, in Dover.

Subcommittee Members in Attendance:

The Honorable Bethany Hall-Long, Office of the Lt. Governor, Chair
Representative Paul Baumbach, Delaware House of Representatives, Majority Caucus, Co-Vice Chair
Senator Bryan Townsend, Delaware State Senate, Majority Caucus, Co-Vice Chair
Secretary Claire DeMatteis, Department of Human Resources (“DHR”)
Director Cerron Cade, Office of Management & Budget (“OMB”)
The Honorable Trinidad Navarro, Insurance Commissioner, Department of Insurance (“DOI”)
Secretary Rick Geisenberger, Department of Finance (“DOF”)
Representative Michael Ramone, Delaware House of Representatives, Minority Caucus
Senator Brian Pettyjohn, Delaware State Senate, Minority Caucus
Mr. Wayne Emsley, State Retiree – New Castle County
Mr. David Craik, State Retiree – Kent County
Ms. Denise Allen, State Retiree – Sussex County
Mr. Jeff Taschner, Executive Director, Delaware State Education Association (“DSEA”)
Mr. Michael Begatto, Executive Director, Delaware Public Employees Council 81
Mr. William Oberle, Delaware State Trooper’s Association (“DSTA”)

Others in Attendance

Director Faith Rentz, SBO, DHR	Ms. Courtney Stewart, Deputy Director, OMB
Deputy Director Leighann Hinkle, SBO, DHR	Ms. Joanna Adams, Pension Administrator, Office of Pensions (“OPen”)
Ms. Nina Figueroa, Health Policy Advisor, SBO, DHR	Ms. Stephenie Tatman, Deputy Pension Administrator, OPen
Ms. Mary Bradley, SBO, DHR	Ms. Carla Cassell-Carter, Director of Budget Development and Planning, OMB
Ms. Marie Hartigan, SBO, DHR	Ms. Andrea Godfrey, Deputy Director of Budget Development and Planning, OMB
Ms. Samantha Mountz, SBO, DHR	Representative Stell Parker Selby, LegHall
Mr. Aaron Schrader, SBO, DHR	Mr. Charles Simons, Highmark Delaware
Ms. Heather Johnson, DHR	Ms. Wendy Beck, Highmark Delaware
Ms. Stacey Stewart, Department of Justice, SEBC Legal Counsel	Mr. Kenneth Bronke, Highmark Delaware
Mr. Chris Giovannello, Willis Towers Watson (“WTW”)	Ms. Lisa Mantegna, Highmark Delaware
Ms. Jaclyn Iglesias, WTW	Ms. Jeanie Carson, Highmark Delaware
Mr. Brian Stitzel, WTW	Mr. Charles Simons, Highmark Delaware
Ms. Rebecca Warnken, WTW	Ms. Julie Caynor, Aetna
Mr. Walter Mateja, Merative	Ms. Rebecca Byrd, ByrdGomes
Mr. Eric Poston, Merative	Ms. Paula Roy, Roy & Associates
Ms. Ashley Tucker, Deputy State Court Administrator, AOC	Ms. Christina Crooks Bryan, DEHA
Mr. Robert Scoglietti, Deputy Controller General, OCG	Ms. Lizzie Lewis, 302 Strategies
Ms. Jeanette Hammon, Sr. Fiscal and Policy Analyst, OMB	
Mr. Steven Costantino, Director Health Care Reform, DHSS	
Mr. Keith Warren, Chief of Staff, Office of the Lt. Governor	

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Ms. Kristina Deakins, City of Dover
Ms. Naomi Poole, City of Dover
Ms. LaVette Whaley, City of Dover
Ms. Anne Carr, DHSS
Ms. Marian Coker, DOS
Ms. Felicita Diaz-Rivera, LegHall
Ms. Cyndie Romer, LegHall
Ms. Aimee Holthaus, DNREC
Ms. Janice Malmberg, DOJ
Mr. Taylor Hawk, DSEA
Ms. Julie Finley O'Connor, DSEA
Ms. Jill Hall, BSTI
Ms. Susan Conaty-Buck, UD
Ms. Ryan Carling, Social Contract LLC
Ms. Margaret Tempkin, Cheiron
Ms. Karen Peterson, Retired Senator
Ms. Annette Shine, Pensioner
Ms. Barbara Philbin, Pensioner
Mr. Bob Clarkin, Pensioner
Ms. Joan DelFattore, Pensioner
Ms. Rebecca Scarborough, Pensioner
Mr. Steve LePage, Pensioner
Mr. Tom Pledgie, Pensioner
Ms. Judy Gallagher, Pensioner
Ms. Lynda Hastings, Pensioner
Mr. Sam Gaertner, Pensioner Spouse
Ms. Diana Noonan, Pensioner
Mr. Michael Kempfski, Pensioner
Mr. Dan Maher, Pensioner

Ms. Wanda Pfeiffer, Pensioner
Ms. Pat Sine, Pensioner
Ms. Mary Peterson, Pensioner
Ms. Carla Benson-Green, Pensioner
Ms. Deborah Schrass, Pensioner
Ms. Mary Ebersole, Pensioner
Ms. Vicki Cairns, Pensioner
Ms. Becky Breasure, Pensioner
Ms. AnRea MacDonald, Pensioner
Mr. Charles Clark, Pensioner
Ms. Elizabeth Stokes, Pensioner
Ms. Joan Burnside, UD Retired
Ms. Kathleen Werrell, UD Retired
Ms. Maureen Keeney, Pensioner
Ms. Linda Barnett, Pensioner
Mr. Rich Phillips, DSEA Retired
Ms. Christy Wright
Ms. Donna Harris
Ms. Donna Middleton
Mr. Marc Young
Mr. Pat Lucas
Ms. Sam Haut
Mr. Robert Meade
Ms. Sherry Long
Mr. Thomas Gallagher
L. Thompson
P. Roberts
Ms. Carole Mick, SBO, DHR – Recorder, State
Employee Benefits Committee and Subcommittees

CALL TO ORDER – LIEUTENANT GOVERNOR BETHANY HALL-LONG, CHAIR

Lieutenant Governor Bethany Hall-Long called the meeting to order at 3:02 p.m.

APPLICABLE LAW AND STANDARDS OF CONDUCT – DIRECTOR FAITH RENTZ, SBO, DHR

The Retiree Healthcare Benefits Advisory (RHBA) Subcommittee was created by Senate Bill (SB) 29 which was signed into law on January 26, 2023 to amend the State Employee Benefits Consolidation Act. Duties and responsibilities as they relate to SB 29 were reviewed with Subcommittee members to include conducting public meetings and receiving public comment about current and future State retiree healthcare benefits, analyzing Medicare Advantage (MA) Plans including options to maintain the current coverage similar to pensioners in other states that offer a choice to buy into a Medicare Supplement plan, and presenting findings by May 1, 2023 to the Governor and General Assembly.

The RHBA Subcommittee supports the State Employee Benefits Committee (SEBC) under Title 29 Del. C. Chapters 52 and 96 which has the authority to manage all employee statewide health benefit programs. This Subcommittee is a public body and is required to follow the Freedom of Information Act (FOIA) under Title 29 Del. C. Sec. 10001 – 10007. All RHBA Subcommittee meetings are required to be held in a public setting with an anchor location, a virtual option, and a public comment period.

Meeting agendas will be posted seven days in advance with minutes maintained by the State Benefits Office (SBO) and be made available to the public. Meeting materials will be made public and SBO will handle all FOIA requests. Appointed members are not authorized to attend via a designee and must attend themselves. A quorum must be maintained which would require at least eight out of the 15 members to attend either in person or virtually throughout the meeting

Subcommittee members are bound by the Code of Conduct Title 29 Del. C. 5806 and must conduct their behavior in a way to not raise suspicion among the public. Members are also bound by prohibitions relating to conflicts of interest in Title 29 Del. C. 5805.

The Subcommittee speaks as one voice and are not liable as individuals, but members are indemnified, and any legal defense is covered if actions taken are consistent with legal advice of the Subcommittee's Deputy Attorney General (DAG).

GOALS AND OBJECTIVES – DIRECTOR FAITH RENTZ, SBO, DHR

A review of the current State pensioner healthcare status was provided which included detail on the current Medicare Supplement Plan (administered by Highmark) enrollees, the contract end date and contract extension due to the Superior Court ruling.

Mr. Craik asked if the current contract with Highmark could be extended an additional year. Director Rentz stated that the current Medicfill contract does not have any additional renewal years beyond CY2023. The only way to extend the current contract would be to go back to the procurement code and renegotiate with Highmark for an additional extension. No discussion has occurred with Highmark on the viability of this option.

The cost to extend Medicfill through December 31, 2023 is estimated between \$70M - \$80M which is based on actual claims from the Medicfill population from the prior fiscal year. This estimate did not take any Employer Group Waiver Plan (EGWP) subsidies into consideration and is strictly what the Group Health Insurance Plan (GHIP) is estimated to pay for medical claims only.

The Subcommittee reviewed state healthcare costs and premiums paid by active employees, pre-65 year old retirees and pensioners, along with costs per group broken out and premiums paid per group.

Mr. Craik asked if the \$132.8M costs for the Medicare retirees includes prescription drugs costs. Director Rentz stated that it does include prescription drugs cost and further analyzes of these costs can be provided. Two subcommittee members questioned the accuracy of some of the figures found on page 5 of the presentation. Wayne Emsley stated that he objected to the statement "Active state employees subsidize healthcare costs for state pensioners" and that he had data indicating that this statement was incorrect.

Medicare Part B premium contributions for 2023 is \$164.90 and high-income earners will pay an adjusted premium rate based on their adjusted gross income (AGI). The State of Delaware GHIP Special Medicfill with and without prescription premium rate information was reviewed. State pensioner healthcare costs show that the cost to cover healthcare claims has increased 93% over the past 15 years, and Medicare pensioner healthcare cost have increased 53% over the past 20 years. The EGWP) was implemented in FY14, and a new pharmacy benefit manger was implemented in FY22 to assist in managing these costs.

Secretary Geisenberger reviewed the impact on the Other Post-Employment Benefits (OPEB) liability, which was previously examined in detail by the Retirement Benefit Study Committee (RBSC). The current estimated liability for retiree health care benefits is \$8.9B which is expected to grow to \$23.6B by 2042. These estimates are based on assuming no changes in how retiree healthcare is funded, in the existing plan design or eligibility. The net unfunded liability is \$8.4B and is expected to grow to \$20.7B by 2042 This number is based on actuarial assumptions on how

many employees will reach specified years of service and be eligible for this benefit. The current net unfunded pension fund liability is about \$1.5B, with State debt for major capital projects combined being \$2.3B, which provides context as to why concerns have been raised with this amount of net unfunded OPEB liability. Delaware ranks among the five worst states in the country in the ratio of our net unfunded OPEB liability relative to the State’s population and personal income

The GHIP faces a \$140.5M deficit by end of FY24 which will grow to \$824.2M by FY27. The SEBC has been reviewing options to solve for a \$0 deficit by implementing a premium rate increase to the active employee and non-Medicare health plans. The SEBC can decide to implement a one-time premium rate increase of 16.8% or smooth the rate over three years at 9.4% annually.

Representative Ramone asked how often the actuarial assumptions are made on the OPEB liability. Secretary Geisenberger stated that actuarial calculations are made on an annual basis and considers life expectancy, interest rates, inflation rates, and medical inflation rates. Certain macroeconomic assumptions (e.g., life expectancy tables) are reviewed every five years. The most recent calculations were based on the June 2022 report which was reviewed by the pension board at their October 2022 meeting. The last major mortality table review was based on a report presented to the pension board in 2021.

Due to time constraints, Subcommittee members will continue with discussion on considerations by the RBSC and Medicare plan options in other states at a future meeting.

FUTURE MEETINGS – DIRECTOR FAITH RENTZ, SBO, DHR

The tentative March meeting schedule was displayed and reflected dates for March 16th, 22nd, 24th, and 27th with times to be determined. The tentative meetings scheduled for March will be conducted in person and virtually to allow for flexibility with member and public attendance.

Mr. Taschner asked the Subcommittee to consider setting meeting times to after 4:30 PM to accommodate elementary school teachers.

OTHER BUSINESS

Subcommittee members continued a brief discussion on powers, duties, and functions of the Subcommittee, pending litigation and the epilogue language used in the Governor’s FY24 proposed budget. Several questions were raised by Subcommittee members:

- ❖ With litigation pending, will this Subcommittee have time to reduce the OPEB liability and not negatively impact current retirees?
 - Outcomes from court filings will have to be determined to implement any changes to the Medicare population. Pending litigations does not prevent this Subcommittee from exploring options and getting feedback from the public on a solution.
- ❖ A question regarding the epilogue language used in the Governor’s budget bill on what would happen if the court rules in favor of MA implementation was asked.
 - The epilogue language used in the Governor’s budget bill reflects the legally binding contract with Highmark and the current year fiscal budget. It is not commentary on how the court may rule.
- ❖ The Highmark contract is for a three-year period, if the court rules in favor, would this be effective July 1st and then what would be the function of this Subcommittee ?
 - The court ruling would not negate the directive of this Subcommittee. The MA contract was suspended for one year and no additional discussion with Highmark has occurred in terms of any future planning after December 31, 2023. This allows for opportunity to work with retirees to explore potential options for retiree healthcare. The MA agreement with Highmark premised that all Medicare retirees would be provided with this plan. If the Subcommittee were to explore adding multiple options for retirees, the current MA plan would have to be renegotiated with

Highmark or potentially go out to bid for a product. This Subcommittee would have to provide recommendations to the full SEBC for consideration.

PUBLIC COMMENT

Several state pensioners addressed concerns over having very little time allowance to address their concerns over retiree healthcare benefits, implementing a MA plan including how this would affect out-of-state retirees and many shared their personal health experiences. An additional concern from several retirees was the accuracy over the data that was presented at today’s meeting and asked for clarification on state healthcare costs and premiums. Karen Peterson, retired Senator, would like to conduct a presentation of findings related to retiree healthcare benefits. Rebecca Scarborough, a state retiree, asked how written comments are handled.

ADJOURNMENT

A MOTION was made by Mr. Wayne Emsley and seconded by Senator Pettyjohn to adjourn the public session at 4:46 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