Rebecca Scarborough

Public Comment On Healthcare Crisis

The crisis we are in is not a new one! For several years up until the pandemic I was an in-person attendee at SEBC meetings, Joint Finance Committee meetings, and the Retirement Benefits Study Committee meetings. I even attended meetings with key policymakers invited to the table of my organization. Until the dreaded Medicare Advantage Plan decision, which seemed to have come out of nowhere as the "solution" to the healthcare liability issue, I was never aware of all of its pitfalls. Needless to say, I have become a watchdog again on how the State is planning on changing the wonderful benefits package that was promised to us public servants for 50 years or so.

In reviewing what paperwork I still have, I noticed that, since the inception in 2001 of the OPEB Fund, the State made no contributions to it in FY04, FY05, FY06, FY 10, and FY 11! There may be other years of which I may not be aware. It is my understanding that the fund does receive premium payments from non-Medicare pensioners and those Medicare pensioners who retired after 2012. However, with the cost of healthcare skyrocketing and even with some recent contributions from the State, the Fund has come up short. In addition to the possible implementation of some of the recommendations made by the WTW consulting firm and studied by the SEBC and the RBSC, I believe that the State can well afford to help offset some of the liability by making a much larger contribution to this fund. This is my first recommendation. In this era of worker shortages, the recruitment and retention of state workers is largely based on the excellent benefits package that State retirees presently have – a guaranteed pension, our excellent Medicfill plan, and even our death benefit.

My next recommendation is that the State ditch any intent to force Medicare-eligible retirees into an inferior and sometimes fraudulent Medicare Advantage Plan! Such a move would take pensioners out of original Medicare and our very efficient and effective Medicfill package, subjecting us to a myriad of needless and perhaps harmful preauthorizations and potential out-of-network denials. While I was observing possible scenarios to help solve the looming deficit, Medicare Advantage seemed to crop up only in obscure footnotes but somehow must have been heavily deliberated upon during behind-the-door discussions or persuasions. And think about it! The State began pitching the plan to us even before they completed the signing of the contract with Blue Cross!

Medicare Advantage, with all of its baggage, is privatization of original Medicare and the State should in no way be a part of its endangering of the Medicare Trust Fund, which apparently needs some tweaking itself!

My next recommendation deals with some of the other recommendations being considered by the SEBC and the WTW group, in particular. This is the raising of premiums for active employees-- future beneficiaries, most of whom most likely earn salaries that far exceed the pensions of present retirees. A modest increase would be an investment in their future retirement. I'm not so sure what a burden such an increase would present for current pre-Medicare retirees, though.

There are several other scenarios that are being discussed to help lower the liability and these, instead of placing the burden on present retirees, affect active employees, also. After all, why solely pick on present Medicare-eligible retirees when we are the least costly group of health care beneficiaries to the State?

I feel that most of these scenarios, such as reducing the Spousal State Share Subsidy to 50%, the Graduated State Share Based on Years of Service, and Eliminating Future Vested Retirees, etc., should, if enacted, only be applied to new hirees who know from the get-go what their benefits will be.

Some of the other scenarios still being deliberated on, such as less expensive steerage of services sites, seem to make sense.

And, last but not least is the Health Reimbursement Arrangement/Individual Marketplace (2% Increase). Before Medicare Advantage became the boogeyman, this is the one I thought the State was sending us retirees to. The RBSC spent a lot of time deliberating on its benefits. It would eliminate Medicfill and move us to the independent healthcare market with an annual HRA of $5,100.00 tax-free that could be rolled over year after year. Younger, healthier, computer-savvy retirees might like this option, but octogenarians like me may need some kind of safety net as plans get more expensive by age and one has greater health issues. Wading through the March 9, 2020, RBSC analyses for Low, Average, and High Utilizer models was confusing to me and particularly scary when I got to the Age 85, High Utilizer chart!

Please! Grandfather in present retirees, continuing with the uncomplicated and very effective and fair Medicfill Plan!

BUT, if the HBA scenario could prove to be one tool to help reduce the healthcare liability, perhaps the state could offer it as a choice for those retirees so inclined to enroll in it while also allowing retirees who so choose to stay in their fully State-supported and managed Medicfill program.

Delaware has a surplus of funds at the moment but has prioritized other areas rather than its State workers. Some of these priorities are questionable. Some we may not even know about. The greatest resource it has as a State are its public servants who perform the important tasks of keeping our state agencies and schools operating. Healthcare costs are only a small part of the budget. Find a better way than some of these proposed scenarios that will aid in the recruitment and retention of an excellent work force. Strong pension plans, our present healthcare programs, and even our death benefits all add up to making State employment an excellent career choice.

Rebecca H. Scarborough

Pensioner