Document Submitted
By
Bob Clarkin

PUBLIC COMMENTS FOR 7/20/23 RHBAS MEETING - SUBMITTED BY ROBERT CLARKIN, 7/16/23

The RHBAS Work Plan calendar presented during the July 10, 2023 meeting indicates a limited number of meetings remain before the Subcommittee will be presenting a draft report. Below are a number of topic areas that I would like to bring to the attention of the RHBAS for your consideration during your upcoming meetings.

1. **Sharing the RHBAS Report with Retirees** In order to foster transparency, disclosure, and good faith universal retiree awareness, I believe it is imperative to mail a copy of the Subcommittee's Final Report to current retirees, including all pre-65 retirees and Medicare eligible retirees, as well as all active employees within five (5) years of retirement. In order to reach out to the maximum number of retirees and active employees, the mailing should include retirees and applicable employees from/at state agencies, school districts, DTCC, and affiliated employers (U of D, Del State, Charter Schools, etc.).

2. **Medicare Supplement Request For Proposal (RFP) Timeline and Contents** Given that the RHBAS has publicly promised that current retirees will be grandfathered into a Medicare Supplement Plan, it will be necessary to release an RFP to procure the plan. To this end, in order to foster transparency it is very important that an estimated timeline for RFP development, RFP review, RFP approval, RFP release, RFP proposal review, selection of a TPA, open enrollment dates, and starting date for the Supplemental Plan be placed into the draft report. It is also very important that a clear and concise description of the requested Medicare Supplement Plan's benefits be placed into the RFP. The description should be guided by the contents of the State of Delaware, Special Medicfill, 2023 Guide to Benefits Handbook.

3. **Future Status and Roll of the RHBAS** I have a sense that many members of the RHBAS believe that the good work of the Subcommittee will end once their report is submitted to the Governor and the Legislature. This raises a number of questions. Will the report be simply mailed to the Governor and Legislature, or will there be a formal presentation of the recommendations? What are the expectations for receiving a response from the Governor and/or Legislature? Will the response be in writing? How will the accepted/approved recommendations be communicated to the SEBC for necessary actions? What body, the RHBAS or a new body, will monitor the implementation of the accepted/approved recommendations? I believe recommendations addressing these questions should be placed into the Subcommittee's report.

4. **Options to Reduce OPEB Liability Presentation Slides** In my written public comments for the 7/10 subcommittee meeting, I made the following suggestion: "The Baseline used in the RHBAS slides is based on current coverage with a State OEC rate of 0.36%. Senate Bill 175 codifies the 1% carveout, so beginning in FY23 and going forward, the baseline is a 0.36% OEC rate plus the 1% carveout. The RHBAS slides should be updated to reflect the new (actual) Baseline." As the subcommittee will be considering "Combinations of OPEB Funding, Eligibility and Plan Design For Modeling" during the upcoming 7/20 meeting, I strongly suggest that the 0.36% OEC rate plus the 1% carveout be included in the baseline for each of the combinations that go forward for further consideration. In addition, in order to provide subcommittee members and the public with a full picture of the impact upon the OPEB liability for each of the models that go forward, the following data elements should be added to the slides: the 2052 Total Liability, 2052 Unfunded Liability, 2052 Market Value, the baseline ADC, and the 2052 ADC.

5. **Pay-Go Costs** The OPEB Pay-Go (self-insured) cost is the total cost of retiree healthcare/RX benefits and associated administrative costs plus whatever amount is necessary to make up for any deficit between revenues and expenses. So for FY22, the total Pay-Go cost = $248.7M + $4.1M = $252.8M. According to WTW, FY23 projected total Pay-Go cost = $285M + $28.4M = $313.4M. If this holds true, that's a 24% increase in just 1 year. In the SEBC Finance/Planning Subcommittee materials for their 7/17 meeting there is a presentation called GHIP Trend Development Discussion. For the period FY22 - FY27, with the recent premium increases factored in, it shows revenues increasing by 22.4% and expenses increasing by 41.9%. The FY22 surplus is $71.9M and the FY27 deficit is $502.0M. Full funding for these trends are becoming unsustainable, especially on top of providing sustained funding of the OPEB liability. Something has to give. Either much higher revenues (premiums and retiree premium shares), much less coverage for all populations (reduces expenses), drastic eligibility rule changes (reduces expenses), and/or reneging on funding of the OPEB liability (reduces expenses). To date, the RHBAS has ignored the pay-go costs as well as RX coverage, pre-65 coverage, and the pressure that funding active employee costs places on the budget. It's all one big GHIP system with three separate populations and seven plans competing with each other for a piece of a finite funding pie. In the not to distant future, the GHIP is going to collapse.

6. **Addressing Pay-Go Costs** On 6/6/2023, I submitted a document titled "Considering the State Employees Retirement (Pension Trust) Fund as a Model for the OPEB (Trust) Fund". Don't worry, I'm not going to insert the 27 page document here. I'm not an expert on the Pension trust fund, but it is incontestable that the fund is effectively conceived, efficiently managed, adequately funded, and achieves both of its goals of reducing the unfunded liability to an acceptable level and funding pension payments through annual capital gains (increases in market value, interest, dividends, etc.). In order to cover retiree healthcare/RX pay-go costs, in whole or in part, this is exactly how the OPEB Trust Fund needs to grow through sound management and adequate funding. Please take time in your upcoming meetings to discuss modeling the OPEB fund after the Pension fund and include same as a central recommendation in your report. I would also suggest that it is time to consider creating a separate GHIP for retiree OPEB purposes only.

7. **Choice** During the RHBAS meeting on 7/10, there was considerable mention of choice as a rationale for offering a State sponsored Medicare Advantage option. Voices much more knowledgeable, elegant, and convincing than mine have made the point over and over again that Medicare Advantage is not an option that leads to timely and quality medical care. Representative Baumbach summed up my opinion of Medicare Advantage by posting "Medicare Advantage is not ready for prime time". While I am a staunch advocate of choice, I believe that options from which one chooses are contextual and situational. In our current context and situation, Medicare Advantage is not ready for prime time and should be taken off the table.

Document Submitted
By Connie Merlet
On Behalf of Retired
State Representative
John Kowalko

Less than a year ago the State Employees Benefits Committee, in secrecy and without public input, decided to move all retirees and state funded Medicare recipients to a Medicare Advantage Plan

MA plans have been exposed as fraudulent and inconsiderate of the health care of its clients and Delaware retirees. Since then SEBC has held meetings, spewing lies and misinformation. The SEBC has claimed, falsely, that the MA being imposed on retirees would save money for those employees and provide the same and equal access to doctors, tests, procedures and needed pharmaceuticals. RISE was formed to stop this steamrolling and betrayal of retirees, taking away their earned and promised rights. The attitude of the administration's appointees was callous and disingenuous.

Let me reiterate the official goal of RISE. As a founding board member, let me state for the official record, that the RISE position has not ever changed. We insist on keeping the benefits we have earned and been promised. RISE will settle for nothing less than full, paid access to a Medicare Supplement plan mirroring Medicfill. It must be a plan that keeps Medicare as its primary plan and that is not negotiable.

NO TO PRIVATIZATION OF MEDICARE.

Retired State Representative John Kowalko (RISE co-founder and board member)