

Table of Contents

Documents Submitted by the Public to the SEBC: Retiree Healthcare Benefits Advisory Subcommittee

- I. Bob Clarkin

**PUBLIC COMMENTS FOR THE 10/26/2023 SEBC RETIREE HEALTHCARE
BENEFITS ADVISORY SUBCOMMITTEE (RHBAS) MEETING - SUBMITTED
BY ROBERT CLARKIN, 10/22/23**

The materials made available to the public for the 10/26/2023 RHBAS meeting include items titled “Retiree Healthcare Benefits Overview” and “Motion for Healthcare Cost Subcommittee”. Below are a number of topic areas that I would like to bring to the attention of the RHBAS for your consideration during your discussion of these two agenda items.

**Before I begin, I would like to inquire about any responses received by the RHBAS
in regard to the “Abbreviated Report of the RHBAS to the SEBC, Governor, and
Legislature, September 27, 2023”:**

1. Has the Governor or his office responded to the Abbreviated Report?
2. Has the Legislature or individual Legislators responded to the Abbreviated Report?
3. Has the SEBC responded to the Abbreviated Report?

Retiree Healthcare Benefits Overview Document

As this document becomes part of the public record of the RHBAS, it is important that the data included in the document be sourced, defined, comprehensive, and up-to-date.

1. The document contains cost data at various percentile levels (10th, 15th, 50th, 90th), however, the source and the collection timeframes for this cost data is not identified. Is this national data or Delaware specific data? Is it based on actual Delaware GHIP experience? Who compiled the data? The source and author of the percentile information should be included as a footnote to the document.
2. The Medicare Retiree Medical and Rx costs are quoted at CY 2023 rates. These rates will increase by 5% during CY 2024. As the next RHBAS report will most likely be issued close to the beginning of CY 2024, the costs in the document should be adjusted to reflect the increased CY 2024 rates. The Medical cost should be \$3,281. The Rx cost should be \$2,507. The Total cost should be \$5,788. The 5% Retiree Premium Contributions should be \$289.
3. The Out of Pocket Costs for Medicare retirees in the document consist solely of Rx copays. The Out of Pocket costs appear to be calculated using CY 2023 Rx copay

rates. These rates will increase significantly, an average 19.8% increase, during CY 2024. As the next RHBAS report will most likely be issued close to the beginning of CY 2024, the Out of Pocket costs in the document should be adjusted to reflect the increased CY 2024 copays. The charts below details the Rx copay increases.

Up to a 31-Day Supply	CY 2023	CY 2024	% Increase
Generic Drugs	\$8	\$10	25.0%
Preferred Brand Name	\$28	\$32	14.3%
Non-Preferred Brand Name	\$50	\$60	20.0%
Average Increase			19.8%

Up to a 90-Day Supply	CY 2023	CY 2024	% Increase
Generic Drugs	\$16	\$20	25.0%
Preferred Brand Name	\$56	\$64	14.3%
Non-Preferred Brand Name	\$100	\$120	20.0%
Average Increase			19.8%

- Again, the Out of Pocket Costs for Medicare retirees in the document consist solely of Rx copays. As Medicare retirees pay a Part B premium to the Federal government, this premium payment should be included in the Out of Pocket costs. During CY 2024, the Federal Medicare premium will increase by 5.9% from \$164.90 to \$174.70 per month, or \$1,978.80 to \$2,096.40 per year. In total, the \$393 in Out of Pocket costs should be increased to \$2,489 plus an adjustment to include the average 19.8% increase in Rx copays.

5. Once the basic Medicare retiree data is updated to reflect the adjustments in 1 thru 4 above, the Medicare retiree data (in blue) in the remainder of the chart should be updated.
6. The total Non-Medicare retiree cost in the amount of \$11,325, the \$1,501 retiree share, and the \$9,824 state share are quoted at the Individual Comp PPO rate. There are three additional tiers of coverage: Individual & Spouse, Individual & Child(ren), and Family. Each of the additional tiers is more expensive than the individual tier. As per the FY23 WTW 4th Quarter Financial Report, 4,161 individual retirees are covered by the Comp PPO plan. There are an additional 2,376 retiree dependents covered under the plan, bringing the total members to 6,537. Consequently, a significant number of retirees are enrolled in a tier other than the individual tier. The document should be updated to show the retiree population, by individuals and members, for each tier. The total cost and cost sharing amounts should be shown for each tier.
7. The Non-Medicare retiree Out of Pocket costs are reported for the individual tier at \$842. As there are a significant number of dependents covered under the plan, calculating the Out of Pocket costs for just an individual retiree results in the costs being significantly understated. For instance, the Out of Pocket costs for a retiree enrolled in the Individual and Spouse tier, which would be doubled, are not captured by the \$842.
8. Due to all of the issues raised in 1 thru 7 above, it is very difficult to summarize retiree medical and Rx costs and contributions in a simplistic chart. As a result, the simplistic chart does not include the full range of data. When such a chart is used to lead a discussion of “Changes” as suggested by pages 2 and 3 of the chart, the discussion is uninformed and begs questions. The chart should be revised to reflect all the data necessary to reach informed “Changes”.
9. While considering the cost information within the Overview Document, it is important to note that during Fiscal Year 2024, Non-Medicare retirees experienced a 9.4% increase in their medical cost share and an average 19.8% increase in their Rx copays. It is also important to note, that during CY 2024, Medicare retirees will experience a 5% increase in their medical cost share, an average 19.8% increase in their Rx copays, and a 5.9% increase in their Federal Part B premium. It is also important to note that during the same periods, retirees did not experience a pension increase.

Motion for Healthcare Cost Subcommittee

The Motion for a Retiree Healthcare Benefits Advisory Subcommittee is a welcomed and invaluable potential recommendation of the RHBAS. The Delaware Health Care Commission (housed in DHSS) was created in 1990 and charged with developing a pathway for basic, affordable health care for all Delawareans. In order to avoid reinventing the wheel and benefit from the Commission's expertise, previous cost containment work, and best practices, I would like to suggest that the following item be added to the Motion's "Field of Study" items:

Reach out to the Delaware Health Care Commission in order to avoid reinventing the wheel and benefit from the Commission's expertise, previous cost containment work, and best practices.