



MINUTES FROM THE MEETING OF THE RETIREE HEALTHCARE BENEFITS ADVISORY SUBCOMMITTEE MEETING
NOVEMBER 28, 2023

The Retiree Healthcare Benefits Advisory Subcommittee met at 1:00 p.m. on November 28, 2023.

The meeting was held virtually and in person at 1351 W North St, Ste 101, in Dover.

Subcommittee Members in Attendance:

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

Subcommittee Members Not in Attendance:

- Secretary Rick Geisenberger, Department of Finance ("DOF")
Senator Brian Pettyjohn, Delaware State Senate, Minority Caucus

Others in Attendance

- Director Faith Rentz, SBO, DHR
Deputy Director Leighann Hinkle, SBO, DHR
Samantha Mountz, SBO, DHR
Aaron Schrader, SBO, DHR
Marie Hartigan, SBO, DHR
Heather Johnson, Controller, DHR
Victoria Sweeney, Deputy Attorney General, Department of Justice, SEBC Legal Counsel
Cherie Dodge Biron, Director, Financial & Admin. Services, DHR
Joanna Adams, Pension Administrator, Office of Pensions ("OPen")
Michelle Gast, Willis Towers Watson ("WTW")
Brian Stitzel, WTW
Walter Mateja, Merative
Kristin Short, CoLab Strategies, LLC
Controller General Ruth Ann Miller, Office of the Controller General "OCG"
Tom Brackin, Executive Director, DSTA
Robert Scoglietti, Deputy Controller General, OCG
Keith Warren, Chief of Staff, Office of the Lt. Governor
Lisa Mantegna, Highmark Delaware
Julie Caynor, Aetna
Katherine Impellizzeri, Aetna
Leah White, Aetna
Margaret Tempkin, Cheiron
Paula Roy, Roy & Associates
Deanna Killen, LegHall
Christy Vanderwende Wright, LegHall
Felicita Diaz-Rivera, LegHall
Justin Richards, LegHall
Valerie McCartan, LegHall
Sarah Petrowich, Delaware Public Representative
Kim Williams
Karen Peterson, Retired Senator
Deldra Gregory-Colvin, Colonial SD
Patricia Roberts
Randy Aldridge
Mary Jane Diemicke
Warren Schueler Jr.
Bob Clarkin
Wanda Pfeiffer
Steve LePage
Sam Gaertner
Deborah Schrass
Diana Noonan
Donna Dossett
Joan Delfattore

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

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Barbara Philbin
Lester Johnson
Stephanie Smith
Suzanne Seubert
Tom Pledgie
William Young
Susan Yost
Nancy Schuman

Bill Mead
Dale Swain
Helene Diskau
Jennifer Pyle
Judith Schneid
Kathleen Aldridge
Kim York
Kristin Dwyer

Lloyd Schmitz
Ann Ryan
Carole Mick, SBO, DHR –
Recorder, State Employee
Benefits Committee and
Subcommittees

CALLED TO ORDER – LIEUTENANT GOVERNOR BETHANY HALL-LONG

Lieutenant Governor Hall-Long called the meeting to order at 1:06 P.M.

APPROVAL OF MINUTES – LIEUTENANT GOVERNOR BETHANY HALL-LONG

A MOTION was made by Wayne Emsley and seconded by Representative Baumbach to approve the minutes as amended from the Retiree Healthcare Benefits Advisory Subcommittee meeting on October 26, 2023.

MOTION ADOPTED UNANIMOUSLY.

Senator Townsend arrived in the meeting.

DISCUSSION ON HEALTHCARE PRICING – REPRESENTATIVE PAUL BAUMBACH

Representative Baumbach presented a consolidated motion document that included several motions on OPEB funding, healthcare pricing, subgroup ratings, coordination of benefits, and eligibility and plan design changes for new hires on or after 1/1/2025.

Subcommittee members had a discussion related the high cost of healthcare and the motion presented by Representative Baumbach that advises the General Assembly and the Governor to immediately address the issue of healthcare pricing in Delaware. Subcommittee members discussed what other states are doing or have done to combat the rising costs of healthcare.

Bill Oberle asked if this new motion is intended to replace the previously tabled motion related to healthcare pricing. Representative Baumbach indicated that this will replace the previously tabled motion and that this new motion gives the Legislature more flexibility on addressing this issue. Lieutenant Governor Hall-Long stated the final report will contain links and references to previous discussions related to healthcare pricing. This new motion does not preclude previously discussed items such as referenced based pricing or certificate of need.

Director Cade and Denise Allen arrived at the meeting.

DISCUSSION ON PRE-65 RETIREE BENEFITS – REPRESENTATIVE PAUL BAUMBACH

Representative Baumbach stated that pre-65 retirees have the same choice of healthcare plans as active state employees and since these plans are not changing, this Subcommittee should consider changing the premium share by reassessing the total cost of healthcare by subgroup type.

Representative Baumbach reviewed a motion within the consolidated motion document which would be to advise the SEBC to research the cost of state-sponsored healthcare benefits by subgroups and adopt a program that will tie the total cost of healthcare assessed to the experienced total cost at a subgroup level.

Dave Craik addressed a concern within this motion with the use of the term “per covered individual” and asked if this motion will add additional expenses to the individual. Subcommittee members discussed the wording of this motion and removed the term “per covered individual” throughout the motion.

The next motion discussed was the retiree healthcare premium state share; this motion would increase the years of service for those hired on or after 1/1/2025 except those state employees that are required to retire with less than 25 years of service. A state share percentage chart with increased years of service was displayed.

Subcommittee members discussed this motion and made some modifications to the motion that included re-wording the mandatory retirement requirement and increasing the state share for 25+ years of service from 95% to 100%.

A motion to implement a retiree coordination of benefits policy was discussed. Commissioner Navarro addressed concerns that this motion may create increased workload and should include terminology for additional resources. After discussion, Subcommittee members decided to include language that this motion may result in additional DHR resources.

DISCUSSION ON POST-65 RETIREE BENEFITS – REPRESENTATIVE PAUL BAUMBACH

Representative Baumbach presented three options within the consolidated motion document for Medicare eligible retiree healthcare benefit changes for those first employed by the state on or after 1/1/2025. These three options will provide future Medicare pensioners with two healthcare plan options modeled after Medigap plans G and L. Each option has various retiree and state share premium split percentages.

Subcommittee members discussed the various options presented and addressed concerns with increasing the pensioner share as these Medicare plans will offer less health benefits, implementing changes now that will not have any impact for decades, and the unsurety of the healthcare industry in the future.

It was noted that none of these recommendations discussed address the immediate financial problems with the retiree population. Lieutenant Governor Hall-Long stated that we need the funding recommendation to fix the OPEB liability.

Subcommittee members were divided on the pensioner and state premium share percentages within these options.

Dave Craik commented that when changes to the Medicare population occurred previously, it was for those who retired on or after a specific date and not those who were hired on or after a specific date. None of these recommendations will have any impact for 40+ years and in the future, people may look back and wonder why our recommendations were written this way.

After an extensive discussion with these three options, Representative Baumbach stated that a motion for a range of 5%-7%/95%-93% will be presented and if there are not enough votes to approve, then a 5%/95% motion will be presented.

All motions will be deferred until after public comment.

PUBLIC COMMENT

Members of the public provided comment on agenda items at today’s meeting and expressed gratitude of the work of this Subcommittee.

DISCUSSION ON COMBINED MOTION AND FINALIZATION OF A CONSOLIDATED RECOMMENDATION – REPRESENTATIVE PAUL BAUMBACH

A MOTION was made by Jeff Taschner to adopt the provisions of the consolidated motion as amended by our conversations to include option C as the option for the Medicare-eligible Retiree Healthcare Benefit Changes. Motion withdrawn.

A MOTION was made by Representative Baumbach and seconded by Jeff Taschner to amend the following changes for option C of the Medicare-eligible Retiree Healthcare Benefit Changes to include a range of 5%/95% to 7%/93%.

C – Medicare-eligible Retiree Healthcare Benefit Changes—We advise that the state change the healthcare benefits provided to Medicare-eligible retirees who are first employed by the state on/after 1/1/2025 as follows: Two healthcare plans will be provided, a Medicare Supplement Plan similar to the Medigap G plan available in 2023 with a retiree/state premium split for a 25+ year retiree of 5/95% and a Medicare Supplement Plan similar to the Medigap L plan available in 2023 with a retiree/state premium split for a 25+ year retiree of 5/95%.

Voting Yes – Representative Baumbach, Director Cade, Commissioner Navarro, Wayne Emsley, Denise Allen

Voting No – Lieutenant Governor Hall-Long, Senator Townsend, David Craik, Jeff Taschner, Michael Begatto, Bill Oberle

Not Present – Secretary Geisenberger, Senator Pettyjohn

Abstentions – Secretary DeMatteis, Representative Ramone

MOTION NOT ADOPTED.

A MOTION was made by Jeff Taschner and seconded by Representative Baumbach to adopt option C as originally drafted for the Medicare-eligible Retiree Healthcare Benefit Changes.

C – Medicare-eligible Retiree Healthcare Benefit Changes—We advise that the state change the healthcare benefits provided to Medicare-eligible retirees who are first employed by the state on/after 1/1/2025 as follows: Two healthcare plans will be provided, a Medicare Supplement Plan similar to the Medigap G plan available in 2023 with a retiree/state premium split for a 25+ year retiree of 5/95% and a Medicare Supplement Plan similar to the Medigap L plan available in 2023 with a retiree/state premium split for a 25+ year retiree of 5/95%.

Voting Yes – Lieutenant Governor Hall-Long, Senator Townsend, David Craik, Jeff Taschner, Michael Begatto, Bill Oberle, Representative Baumbach, Director Cade, Commissioner Navarro, Wayne Emsley, Denise Allen, Representative Ramone

Not Present – Secretary Geisenberger, Senator Pettyjohn

Abstentions – Secretary DeMatteis

MOTION ADOPTED UNANIMOUSLY.

A MOTION was made by Representative Baumbach and seconded by Jeff Taschner to adopt the following recommendations from the consolidated motion document with these amended changes below:

Formal OPEB Funding Policy—We advise that the SEBC adopt a written OPEB funding policy, which includes the current balance, the statutory 1% of annual budget contribution, the proposed annual OEC contribution as adopted by RHBAS on 9/27/2023, and that the State provide additional one-time contributions to the OPEB fund when circumstances such as one-time revenues or surpluses permit, similar to Section 16 Escheat – Special Funds of the FY22 Bond and Capital Improvement Act under SB 200.

Healthcare Pricing Reduction—As adopted by the RHBAS on 11/28/2023, the RHBAS advises that the General Assembly and the Governor immediately and effectively address the issue of healthcare pricing in Delaware, including statutory, regulatory, and administrative changes in 2024 to bring more transparency, consistency, affordability, and sustainability to healthcare prices and price growth for Delawareans and Delaware employers. Included in the measures from the General Assembly and the Governor should be utilizing the contracting authority of the State, including for State employees and Medicaid members, and collaborating with employers of Delaware residents, to require greater transparency, consistency, affordability, and sustainability.

Subgroup Rating—We advise that the SEBC research and measure the cost of state-sponsored healthcare benefits for the following three subgroups—current employees, eligible pensioners who are ineligible for Medicare, and eligible pensioners who are eligible for Medicare. We further recommend that the SEBC adopt a program to gradually tie the Total Cost of healthcare assessed to the experienced Total Cost of healthcare at a subgroup level. We advise that the SEBC, in designing this gradual program, consider the use of annual caps on increases/decreases in premium changes, to avoid unaffordable changes.

Retiree Healthcare Premium State Share—For eligible pensioners hired by the state on or after 1/1/2025, the state will pay the following percentage of the state share, based on years of service (this change would not apply to state employees who are subject to a mandatory retirement requirement):

| | |
|--|------|
| Less than 15 years of service | 0% |
| 15 years – less than 20 years of service | 50% |
| 20 years – less than 25 years of service | 75% |
| 25 years or more of service | 100% |

Retiree Coordination of Benefits—We advise that the Department of Human Resources (DHR) adopt a Retiree Coordination of Benefits Policy, which applies to eligible pensioners hired by the state on or after 1/1/2015. This policy should mirror the Spousal Coordination of Benefits Policy currently maintained by the DHR. We recognize that this change may result in additional DHR resources.

Voting Yes – Lieutenant Governor Hall-Long, Senator Townsend, Secretary DeMatteis, David Craik, Jeff Taschner, Michael Begatto, Bill Oberle, Representative Baumbach, Director Cade, Commissioner Navarro, Wayne Emsley, Denise Allen, Representative Ramone

Not Present – Secretary Geisenberger, Senator Pettyjohn

MOTION ADOPTED UNANIMOUSLY.

DISCUSSION AND RECOMMENDATIONS ON RHBAS REPORT TO GOVERNOR AND GENERAL ASSEMBLY – LIEUTENANT GOVERNOR BETHANY HALL-LONG

Subcommittee members continue to work on the RHBAS report with anticipated approval at the December meeting and will then submit the approved report to the Governor and General Assembly. Recommendations from today’s meeting will be included in the report and all final recommended changes need to be submitted by 12/8/2023 at 12:00 p.m.

Representative Ramone left the meeting.

Subcommittee members had a discussion surrounding the future of this Subcommittee.

Director Rentz provided Subcommittee members with an update on the Medicare request for proposal.

RHBAS DISCUSSION AND OTHER BUSINESS – LIEUTENANT GOVERNOR BETHANY HALL-LONG

Wayne Emsley presented a motion for discussion today with the intention to hold a vote at the next meeting. The motion would recommend that legislation be drafted that defines healthcare benefits at retirement and notifying future retirees about their healthcare benefits.

Dave Craik stated that retiree healthcare from the state is not a guaranteed benefit.

PUBLIC COMMENT

Members of the public provided additional comments on agenda items at today’s meeting.

ADJOURNMENT

A MOTION was made by Wayne Emsley and seconded by David Craik to adjourn the public session at 3:28 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