



**MINUTES FROM THE MEETING OF THE RETIREE HEALTHCARE BENEFITS ADVISORY SUBCOMMITTEE
APRIL 18, 2024**

The Retiree Healthcare Benefits Advisory Subcommittee met at 10:00 a.m. on April 18, 2024.
The meeting was held virtually and in person at 841 Silver Lake Boulevard, Suite 200, Dover, DE 19904.

Subcommittee Members in Attendance:

- Lieutenant Governor Bethany Hall-Long, Office of the Lt. Governor, 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”)
- Secretary Claire DeMatteis, Department of Human Resources (“DHR”)
- Secretary Rick Geisenberger, Department of Finance (“DOF”)
- David Craik, State Retiree – Kent County
- 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

Subcommittee Members Not in Attendance:

- Senator Brian Pettyjohn, Delaware State Senate, Minority Caucus
- Senator Bryan Townsend, Delaware State Senate, Majority Caucus, Co-Vice Chair
- Director Cerron Cade, Office of Management & Budget (“OMB”)
- Denise Allen, State Retiree – Sussex County

Others in Attendance

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| Director Faith Rentz, SBO, DHR | Heather Johnson, Controller, DHR | Jason Staib, DOJ |
| Deputy Director Leighann Hinkle,
SBO, DHR | Michelle Gast, Willis Towers Watson
(“WTW”) | Jacqueline Ervin, OMB |
| Stephanie Hartos,
SEBC/Subcommittee Manager,
SBO, DHR | Brian Stitzel, WTW | Karen Peterson, Retired Senator |
| Samantha Mountz, SBO, DHR | Jaclyn Iglesias, WTW | Nancy Wagner, Retired
Representative |
| Marie Hartigan, SBO, DHR | Walter Mateja, Merative | Raymond Seigfried, Retired
Representative |
| Susan Arnold, SBO, DHR | Robert Scoglietti, Deputy Controller
General, OCG | Bob Clarkin |
| Jennifer Biddle, Deputy Secretary,
DHR | Stuart Snyder, Chief of Staff, DOI | Wanda Pfeiffer |
| Michelle Whalen, Deputy Attorney
General, Department of Justice,
SEBC Legal Counsel | Keith Warren, Chief of Staff, Office of
the Lt. Governor | Steve LePage |
| Cherie Dodge Biron, Director,
Financial & Admin. Services, DHR | Jeanette Hammon, Sr. Fiscal and
Policy Analyst, OMB | Sam Gaertner |
| Joanna Adams, Pension
Administrator, Office of
Pensions (“OPen”) | Leah White, Aetna | Deborah Schrass |
| | Jen Moyer, Aetna | Joan Delfattore |
| | Margaret Tempkin, Cheiron | Barbara Philbin |
| | Beth Mercer, Cheiron | Lester Johnson |
| | Bria Greenlee, 302 Strategies | Tom Pledgie |
| | Lizzie Lewis, 302 Strategies | Dale Swain |
| | | Elisa Diller |
| | | Judith VanName |

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

Mary Graham
Jo Kallal
Lynda Hastings
Nancy Alteri
Rebecca Scarborough
Ann McNeil

AnRea MacDonald
Barbara Shalley-Leonard
Clare Garrison
Stephanie Smith
Evalyn Tucker
William Saylor

Carole Mick, SBO, DHR –
Recorder, State Employee
Benefits Committee and
Subcommittees

CALLED TO ORDER – REPRESENTATIVE PAUL BAUMBACH

Representative Baumbach called the meeting to order at 10:02 A.M.

APPROVAL OF MINUTES – REPRESENTATIVE PAUL BAUMBACH

A MOTION was made by Wayne Emsley and seconded by Jeff Taschner to approve the minutes from the Retiree Healthcare Benefits Advisory Subcommittee meeting on December 20, 2023.

MOTION ADOPTED UNANIMOUSLY.

Lieutenant Governor Bethany Hall-Long arrived to the meeting.

UPDATE ON RECOMMENDATIONS FROM THE RHBAS REPORT TO THE GOVERNOR AND GENERAL ASSEMBLY – REPRESENTATIVE PAUL BAUMBACH

Representative Baumbach reviewed status updates related to the recommendations presented in the December RHBAS report to the Governor and General Assembly. These recommendations include topics related to OPEB funding, healthcare pricing in Delaware, changes to eligibility for healthcare, Medicare pensioner healthcare options and the request for proposal (RFP) review process by the SEBC. The General Assembly has begun introducing bills based on some of the recommendations detailed in this report, and they are currently moving through the Legislature. Representative Baumbach provided additional insight on these bills and where each of them are in the legislative process. Additionally, several other bills are being drafted related to recommendations from the RHBAS report, though they have not yet been filed. The SEBC has begun to implement changes in their administrative processes related to the recommendations from the RHBAS report.

Bill Oberle voiced concerns on the SEBC’s RFP process and stated that a crucial step is missing as a final negotiated contract is not distributed to the SEBC or the Proposal Review Committee (PRC) prior to execution of the contract. The Medicare Supplement plan is currently in the contracting process following the SEBC approval of the PRC award recommendation for the Employer Sponsored Medicare Supplement Plan at the March 25, 2024 SEBC meeting. Director Rentz stated that the SEBC’s DAG has not yet had a chance to provide input on this topic and that the contract award for the Medicare Supplement plan has been granted but negotiations have not been initiated. Subcommittee members will resume discussion on this topic at the next meeting.

Secretary DeMatteis arrived to the meeting.

SEBC DECISIONS AND UPDATES – STEPHANIE HARTOS, SEBC AND SEBC SUBCOMMITTEE MANAGER, DHR/SBO

Stephanie Hartos detailed the SEBC’s recent decision to increase health plan premiums for the FY25 plan year effective July 1, 2024 for active employees and non-Medicare retirees and January 1, 2025 for Medicare retirees. The FY25 premium rates by plan were displayed.

Stephanie Hartos presented data on the potential premium increase of each health plan if the GHIP groups (active employees, non-Medicare retirees and Medicare retirees) were rated separately as recommended in the recent RHBAS report. Based on recent FY24 claims experience, rating the groups separately would have resulted in a higher

premium increase for retirees, with the non-Medicare retirees experiencing the highest increase out of all three groups. The impact to the premium rates if set by each group's experience were reviewed and discussed.

Stephanie Hartos reviewed other decisions made by the SEBC related to the Diversity, Equity, and Inclusion review, COVID-19 benefit enhancements, the Mental Health Parity and Addiction Equity Act (MHPAEA), and the Medicare Supplement Plan RFP. It was noted that the SEBC and Subcommittees did have a discussion on modifying health plan designs to balance actuarial values of these plans. Further discussion is expected on this topic by the Financial Subcommittee and the SEBC.

Subcommittee members discussed modifying actuarial values and how this will not reduce healthcare cost but will shift costs onto plan members.

Subcommittee members discussed rating the groups separately and what effect this might have on the OPEB liability. It was mentioned that the more a retiree pays, the lower the liability for the OPEB.

Representative Baumbach inquired about writing a formal policy to narrow the funding gap which could have a positive impact by the bond rating agencies. Margaret Tempkin, an actuary with Cherion, stated that if a formal policy that is acceptable to the rating agencies is completed, this would have a positive impact. Further discussion on this topic was requested for the next RHBAS meeting.

Representative Ramone left the meeting.

DISCUSSION ON RHBAS PLANS FOR 2024

Director Faith Rentz informed Subcommittee members that Open Enrollment for dental, vision, and active employees and non-Medicare retirees' health care plans begins on May 1 and ends on May 17. The Statewide Benefits Office (SBO) has increased member communication regarding plan design changes, premium rate increases, and the timeframe for Open Enrollment. Preparation for the Medicare Open Enrollment will begin after July 1, 2024. Medicare Open Enrollment will occur in October 2024. The Medicare Supplement plan contract award was given to Highmark and SBO will soon begin contract negotiations. This plan will have a start date of January 1, 2025. Additionally, after the Legislative session ends, SBO will be working with vendors to comply with any bills that pass through the General Assembly. The next meeting will likely occur in September 2024 which will allow the SBO time to process through any legislative changes and prepare for Medicare Open Enrollment.

SBO will also be conducting multiple RFPs this year on the following: the Employee Assistance Program (EAP), the Flexible Spending Account (FSA), Pre-Tax Commuter Benefit and COBRA benefits, Accident & Critical Illness Insurance, Group Universal Life (GUL) Insurance, and potentially medical and prescription benefit audit services.

MOTION TO SUPPORT PENDING LEGISLATION RELATED TO RECOMMENDATIONS FROM THE RHBAS

A MOTION was made by Jeff Taschner and seconded by Bill Oberle to move that the RHBAS take a position and support the following pending legislation: HB281 as amended by HA3, HB282 as amended by HA1 and HA2, HB330, HS1 for HB350 which align with and effectuate the recommendations contained in our report dated December 31, 2023.

The Subcommittee discussed the motion.

Representative Baumbach, with support from Jeff Taschner, amended the previous MOTION to remove mention of HB282 as amended by HA1 and HA2.

A MOTION was made by Jeff Taschner and seconded by Bill Oberle to move that the RHBAS take a position and support the following pending legislation: HB281 as amended by HA3, HB330, HS1 for HB350 which align with and effectuate the recommendations contained in our report dated December 31, 2023.

Voting Yes – Representative Baumbach, Jeff Taschner, Lieutenant Governor Hall-Long, Commissioner Navarro, Wayne Emsley, David Craik, Michael Begatto, Bill Oberle

Voting No – Secretary Geisenberger, Secretary DeMatteis

Not Present – Senator Townsend, Senator Pettyjohn, Representative Ramone, Director Cade, Denise Allen

RHBAS DISCUSSION AND OTHER BUSINESS

Secretary Geisenberger informed Subcommittee members that several meetings with the bond rating agencies have occurred recently with a lot of positive feedback on the economy in Delaware. The bond rating agencies noted the progress to the OPEB funding over the last 8 years, however, several issues were raised regarding the revenue ratios, per capita ratio, and other ratios relative to AAA states. Delaware has a much higher liability than any other AAA rated state.

Wayne Emsley presented a motion that legislation be drafted to clarify and legislate whether healthcare benefits that are in place at the date of hire, or retirement, shall be provided for the lifetime of the retiree and survivors. This motion will need to be reviewed in more detail by a DAG. Further discussion on this motion will be on the agenda at the next meeting.

PUBLIC COMMENT

Members of the public provided additional comments on agenda items at today's meeting and on retiree healthcare benefits.

ADJOURNMENT

A MOTION was made by Wayne Emsley and seconded by Bill Oberle to adjourn the public session at 11:45 A.M. MOTION ADOPTED UNANIMOUSLY.

Respectfully submitted,

Carole Mick, Executive Secretary, Statewide Benefits Office, Department of Human Resources,
Recorder, State Employee Benefits Committee, and Subcommittees