



# RHBAS Report of Recommendations Legislative Updates

April 18, 2024



# Recommendations to the Governor and Legislature

- The RHBAS recommends that 1% minimum of the prior year's State operating budget is set aside each year to fund the OPEB Fund. **SB175 – Current Status: Passed**
- The RHBAS recommends that beginning with the FY2025 budget, the State continues to contribute to OPEB funding with the funds generated by SB175 (i.e. the 1% carve out of the previous annual budget) and the two Other Employment Costs to fund current retiree health insurance costs (PayGo) and prefund future retiree healthcare (OPEB fund). In addition, increase the OPEB prefunding to 0.50% of payroll. The prefund amount will increase by an additional 0.25% of payroll each fiscal year thereafter from such funding sources as the General Assembly may determine. The total of all three sources of funding will not exceed the annual required contribution for the OPEB fund. **HB330 – Current Status: Assigned to House Administration**

# Recommendations to the Governor and Legislature

- 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. **HB350 with HS 1 – Current Status: Released from House Administration and House Appropriations**

# Recommendations to the Governor and Legislature

- For eligible pensioners hired by the state on or after 1/1/2025, RHBAS recommends the state 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 to less than 20 years of service: 50%
  - 20 years to less than 25 years of service: 75%
  - 25 years or more service: 100%

**Status: Bill drafted and in review; not yet filed**

# Recommendations to the Governor and Legislature

- The RHBAS advises 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.

**Status: Bill drafted and in review; Not yet filed**

- The RHBAS advises 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%.

**Status: Bill drafted and in review; Not yet filed**

# Recommendations to the SEBC

- The RHBAS recommends that Delaware neither request nor consider a Medicare Advantage Plan in its Request for Proposal (RFP) for Medical Third-Party Administrator (TPA) Services and/or a Carrier for providing healthcare to its eligible retirees in the upcoming cycle. **HB281 with HA 3 – Status: Passed in House; Assigned to Senate Executive**
- The RHBAS recommends that the SEBC hold a vote in public session in order to adopt the final and approved RFP and that the SEBC share a draft final RFP at least one week in advance of the public session at which the agenda includes the discussion and vote. **HB282 with HA 1 and HA 2 – Status: Passed in House; Assigned to Senate Executive**
- We also recommend that for that public session, the SEBC agenda includes public comment before the vote on the RFP. **Status: Implemented at March 25 SEBC Meeting and will be standard practice moving forward**

# Thank You



View the full report on the SEBC website:

<https://dhr.delaware.gov/benefits/sebc/index.shtml>

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