

SEBC Updates

Group Health Insurance Plan (GHIP) Rating Approaches for FY26

November 18, 2024

Rating Approaches – FY26 Impact

- All Groups Combined (*current methodology*)
 - Risk spread across largest pool
 - Keeps impact lower for pre-65 retirees
 - Cross-subsidization of groups
- Active versus Retired
 - Pre-65 retirees and Medicare retirees combined into one group
 - Medicare retirees would be subsidizing Pre-65 retirees
 - Risk spread across entire retirement period
- Non-Medicare versus Medicare
 - Active employees/Pre-65 retirees in the same benefits plans compared vs Medicare retirees in Medicfill/EGWP
 - How most employers set rates prior to Financial Accounting Standards (FAS) 106
 - Modest impact to Actives and Pre-65 retirees versus current methodology
- Separate rating by cohort
 - Smaller risk pools lead to greater volatility by group
 - Best representation of true costs of each group
 - Pre-65 retirees more costly due to poorer health
 - Medicare retirees less costly due to funding from Medicare
 - Modest impact on active employees and Medicare retirees
 - Significant impact to Pre-65 retirees (on fixed budgets)

	Active	Pre-65	Medicare
Combined	4.4%	4.4%	4.4%
Active vs Retired	5.0%	2.4%	2.4%
Non-Medicare vs Medicare	6.5%	6.5%	0.0%
Active vs Pre-65 Retiree vs Medicare	5.0%	17.9%	0.0%

Any change in rating methodology may have an impact on OPEB liability and expense



Legislative Updates

November 18, 2024

House Bill 281 with HA 3 and SA 1

- **Bill Summary:** Repeals the option in current Delaware Code of providing health care insurance to State of Delaware pensioners under Medicare part C, known as a Medicare Advantage Plan.
- **Action Taken:** Enacted without signature on 6/26/2024
- **Effective Date:** 6/26/2024

HB 282 with HA 1, HA 2, and SA 1

Changes take effect in the next Administration in January 2025.

- Removes the Delaware retiree appointed by the Governor and adds 2 members who are Delaware residents eligible to receive health care insurance under Chapter 52 of Title 29 under a pension or retirement plan.
 - The President Pro Tem of the Senate and the Speaker of the House of Representatives each appoint 1 of these members.
- Changes the SEBC co-chairs to the Director of the Office of Management and Budget, serving as chair and the vice-chair elected annually by the members of the Committee.
 - The vice-chair must be a voting member of the Committee and may not be a cabinet secretary or hold a position of equivalent rank in the executive branch.
- Makes the Controller General a non-voting member of the Committee and allows designees to attend rather than the statutory member.

HB 282 with HA 1, HA 2, and SA 1 (continued)

- If the SEBC or a subcommittee is holding a virtual meeting, the chair or vice-chair must attend at the anchor location (previously, any member of the SEBC or subcommittee could attend in-person at the anchor location).
- The chair of a subcommittee must be a voting member of the SEBC.
- The SEBC must approve a Request for Proposals (RFP) to select a carrier or third-party administrator for the health care insurance plan for State employees or eligible pensioners during an open meeting and that the draft RFP must be included with the meeting notice and agenda.
- The SEBC must provide a “meaningful” opportunity for public comment before voting on whether to approve an RFP to select a carrier or third-party administrator for the health care insurance plan for State employees or eligible pensioners.

HB 282 with HA 1, HA 2, and SA 1 (continued)

- **Action Taken:** Veto Overridden on 6/27/2024
- **Effective Date:** 1/1/2025

HB 330 with HA 1

- **Bill Summary:** Requires the General Assembly to set aside 0.50% of annual payroll in the Fiscal Year 2026 budget for the OPEB Trust Fund and to increase this percentage incrementally by 0.25% of payroll every year until such time as all annual contributions to the OPEB Trust Fund reach the actuarially-determined Annual Required Contribution – similar to how the State’s pension fund is funded.
- **Action Taken:** Signed by the Governor on 9/30/2024
- **Effective Date:** 9/30/2024

HB 375

- **Bill Summary:** Makes changes to the percentage of state share paid by the State for eligible pensioners hired on or after 1/1/2025.*

State Share percentages for those hired by 12/31/2024 (current)

- Less than 15 years of service: 0%
- 15 years to less than 17.5 years of service: 50%
- 17.5 years to less than 20 years of service: 75%
- 20 years or more service: 100%

State Share percentages for those hired on or after 1/1/2025

- 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%

- **Action Taken:** Signed by the Governor on 9/30/2024
- **Effective Date:** 1/1/2025

*This change would not apply to state employees who are subject to a mandatory retirement requirement

HB 376

- **Bill Summary:** The State group health insurance program must include a pensioner Coordination of Benefits (COB) policy for eligible pensioners who were first employed by the State on or after 1/1/2015 and are eligible for health care coverage through their employer. This policy must be comparable to the existing spousal COB policy. This bill also codifies the existing spousal COB policies for the GHIP.
- **Action Taken:** Signed by the Governor on 9/30/2024
- **Effective Date:** 7/1/2026

HB 377

- **Bill Summary:** Requires that the State continue to offer eligible pensioners first employed by the State as a regular officer or employee before 1/1/2025, a plan that is comparable to the current Special Medicfill Medicare Supplement plan; for eligible pensioners first employed on or after 1/1/2025, the State may offer different Medicare supplement plans that are not high deductible plans.
- **Action Taken:** Enacted without signature on 10/1/2024
- **Effective Date:** 10/1/2024

HB 475

- **Bill Summary:** Amended the Delaware Code to provide that certain escheat funds accumulating in a prior fiscal year in excess of funds needed for extraordinary escheat claims may be deposited to the OPEB Trust Fund.
- **Action Taken:** Signed by the Governor on 6/30/2024
- **Effective Date:** 6/30/2024

Thank You



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