



Minutes of SEBC Financial Subcommittee Meeting
December 18, 2018 – 1:00pm

Attendees

Subcommittee Members

- Ruth Jones, Designee of CGO
- Steven Costantino, Designee of DHSS
- Judy Anderson, Designee of DSEA
- Emily Thomas, Designee of OMB
- Faith Rentz, Subcommittee Chair, Designee of DHR
- Stuart Snyder, Designee of DOI
- Sandy Johnson, SEBC Member, DHR

Guests

- Leighann Hinkle, SBO, DHR
- Jeff Taschner, SEBC Member, DSEA
- Julie Caynor, Aetna
- Jennifer Mossman, Highmark Delaware
- Lisa Mantegna, Highmark Delaware
- Christina Bryan, DE Healthcare Assoc
- Martha Sturtevant, OST
- Cherie Dodge Biron, DHR
- Walt Mateja, IBM Watson Health
- Rebecca Warnken, Willis Towers Watson
- Chris Giovannello, Willis Towers Watson
- Elizabeth Lewis Zubaca, HGP
- Judi Schock, OMB
- Susan Steward, OST

Agenda

- Call to Order
- Approval of minutes from December 4, 2018 meeting
- SEBC/Health Policy & Planning Subcommittee Updates
- FY20 Group Health Premium Rate Discussion
- Reserve & Surplus Modeling Options & Recommendations
- Other Business
- Public Comment

Summary of Discussion

Call to Order

- Faith Rentz called the meeting to order at 1:00 pm.

SEBC / Health Policy & Planning Subcommittee Updates

SEBC December 10, 2018 Meeting

- Dr. Walker presented Executive Order 25.
- Researchers from Johns Hopkins presented data on their review of inpatient hospital pricing in DE vs Medicare and policy recommendations. Follow-ups from the meeting include risk adjusting the pricing and comparison data for surrounding regions. A review of this information is being planned for the January 24th Subcommittee

meeting which will be a combined meeting of the HP&P and Financial Subcommittees.

- The January SEBC meeting will include SBO research regarding suggested next steps related to SB 139. This may be a possible HP&P future agenda item.

The frequency of the 2019 Subcommittee meetings may change. The Resolution only requires two meeting per quarter. The February meeting agenda will include financials for FY20. The Financial Subcommittee meetings will move to the afternoon beginning in January.

Health Policy and Planning- December 18th Meeting

- The Subcommittee finalized recommendations to be discussed at the January 14th SEBC meeting for site of care copay changes in order to create more of a differential and tasked SBO with developing a strong communication strategy for members. The recommended plan design changes are as follows:
 - increase the copay for hospital-based facilities for basic imaging from \$35 to \$50
 - increase the copay for hospital-based facilities for high tech imaging from \$50 to \$75
 - increase the copay for non-preferred lab from \$20 to \$50
 - increase the copay for emergency room from \$150 to \$200
 - decrease the copay for telemedicine from \$15/\$20 to \$0
 - implement infusion therapy steerage for Highmark members (as this is in place today for Aetna members)
 - implement Livongo for commercial and EGWP members
- Ms. Rentz mentioned to the group that the packet of materials includes the tracking log and a number of quick hit items that will not be discussed during today's meeting.

FY20 Group Health Premium Rate Discussion and Reserve & Surplus Modeling

Options & Recommendations

- Ms. Warnken continued the discussion from the last meeting and reviewed the long-term financial projections with the group. The FY17 and FY18 data reflected is actual based on fund reporting while FY19 and beyond is projected on an incurred basis. The projections do not include the \$9M savings recommended this morning by the HP&P Subcommittee.
- Mr. Taschner asked that WTW add two columns on slide 3 that shows the monthly and annual dollar change for the state.
- Secretary Johnson asked WTW to add the employee and state cost ranges to the header on slide 3.
- During the surplus modeling discussion, Ms. Warnken mentioned that if the surplus is used over two years and assuming the \$9M of program savings is included, the premium increase for FY20 would be roughly 3.4% which is an increase for employees between \$11 and \$111. If the surplus is used over three years and assuming the \$9M of program savings is included, the premium increase for FY20 would be roughly 4.3% which is an increase for employees between \$14 and \$141. WTW will remodel the premium projections using the \$9M savings recommended by the HP&P Subcommittee.
- The Subcommittee discussed the minimum reserve amount and agreed that the current

97% confidence interval is appropriate.

- Secretary Johnson asked what would happen if the Fund runs out of money as it did in the past. Ms. Rentz stated that a decision on a source of funding would need to be made by the SEBC and the Administration but that the current process is more transparent than it was in the past when the reserve and surplus funding was depleted. Secretary Johnson asked that these comments are shared at the next SEBC meeting.
- The Subcommittee then discussed the use of surplus. WTW advised that the SEBC decision in February will be made using Q2 data which is not yet available. Ms. Anderson asked about the risk based capital approach to which Ms. Warnken stated that is only used by insurance companies.
- Mr. Costantino asked for WTW's recommendation on the use of surplus. Ms. Warnken stated that the difference between the two and three year options is not significant and suggested the Subcommittee look at using two years because the amount will change over time and the Subcommittee can continue to evaluate.
- Ms. Anderson asked WTW about the future of the Excise Tax. A House Bill was recently passed to delay the Tax another year but its passage is unlikely in the Senate.
- Recommendations on the reserve methodology and surplus were discussed and consensus was reached to recommend maintain the current reserve methodology and utilize surplus over a two year period. These recommendations will be put forth for discussion by the SEBC at the January 14th meeting with a vote at the February meeting.
- Ms. Rentz notified the Subcommittee that final decisions related to premium increases will be made by the SEBC based on recommendations by both Subcommittees using a recast of financials with Q2 data and the results of the pharmacy contract negotiations. Mr. Snyder asked that any premium increases demonstrate the cost savings to the employee and state and explain how and why in communications to members. Ms. Anderson stated that adding the state paid amounts to the slides will illustrate the shared cost.

Other Business

- None

Public Comment

- There was no public comment.

Action Items

- Approved December 4th meeting minutes with a correction to the meeting time from 10:00am to 1:00pm and removal of the following sentence on page 2: Mr. Oberle asked for clarification on next steps and SEBC action needed.
- The Subcommittee agreed to recommend to the SEBC the following:
 - Keep the minimum reserve as is and evaluate on an annual basis
 - Spread the surplus over two years and evaluate on an annual basis

Next Meeting

- Date: Thursday, January 24 ,2019
- Time: 10:00 am
- Location: Statewide Benefits Office

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