



MINUTES FROM THE HEALTH POLICY & PLANNING SUBCOMMITTEE TO THE STATE EMPLOYEE BENEFITS COMMITTEE MAY 2, 2019

A meeting of the Health Policy & Planning ("HP&P") Subcommittee to the State Employee Benefits Committee (the "Committee") was held May 2, 2019 in the Large Conference Room of the Statewide Benefits Office ("SBO"), 97 Commerce Way, Dover, Delaware 19904

Committee Members Represented or in Attendance:

- Director Faith Rentz, SBO, Department of Human Resources ("DHR") (Appointee of DHR Sec. Johnson), Chair
Ms. Molly Magarik, Deputy Secretary, Department of Health and Social Services ("DHSS") (Appointee of Sec. Walker)
Ms. Judi Schock, Deputy Principal Assistant, Office of Management & Budget ("OMB") (Appointee OMB Dir. Jackson)
Mr. Stuart Snyder, Chief of Staff, Department of Insurance ("DOI") (Appointee of Commissioner Navarro)
Ms. Susan Steward, Policy Analyst, Office of the State Treasurer ("OST") (Appointee of Treasurer Davis)
Mr. William Oberle, Delaware State Trooper's Association (Appointee of the DSEA, Jeff Taschner)

Committee Members Not Represented or in Attendance:

- Ms. Victoria Brennan, Sr. Legislative Analyst, Office of the Controller General ("OCG") (Appointee for CG Morton)
Mr. Tanner Polce, Policy Director, Office of the Lt. Governor (Appointee of Lt. Governor Hall-Long)

Others in Attendance:

- Deputy Director Leighann Hinkle, SBO, DHR
Mr. Kevin Fyock, Willis Towers Watson ("WTW")
Mr. Chris Giovannello, WTW
Ms. Christina Bryan, Delaware Healthcare Association
Ms. Rebecca Byrd, The Byrd Group
Ms. Nina Figueroa, Policy Advisor, SBO, DHR
Ms. Christine Gross, Stand Up for Fertility Delaware
Ms. Katherine Impellizzeri, Aetna
Ms. Kimberly Jarrell, Member of the Public
Ms. Lisa Mantegna, Highmark Delaware
Mr. Walter Mateja, IBM Watson Health
Ms. Mary Kate McLaughlin, Drinkle Biddle
Ms. Jennifer Mossman, Highmark Delaware
Ms. Martha Sturtevant, Executive Assistant, SBO, DHR
Ms. Elizabeth Lewis Zubaca, Hamilton Goodman Partners

CALLED TO ORDER

Dir. Rentz called the meeting to order at 1:02 p.m.

APPROVAL OF MINUTES – DIRECTOR RENTZ

A MOTION was made by Ms. Magarik and seconded by Ms. Schock to approve the minutes from the April 4, 2019 Health Policy & Planning Subcommittee meeting. MOTION ADOPTED UNANIMOUSLY.

DIRECTOR'S REPORT – DIRECTOR RENTZ

Financial Subcommittee

The Financial Subcommittee met the morning of May 2, 2019 to review Q3 financials and several potential premium increase scenarios. They also considered several decision points regarding the proposal for the Health Savings Account ("HSA") implementation.

SEBC Update

The Committee will meet May 6, 2019 to discuss updated financials and potential changes to the GHIP infertility benefits.

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

Mr. Oberle asked if a position had been taken at the Subcommittee meeting regarding premium increases. Dir. Rentz summarized that there was support for a modest premium rate increase that would prevent higher premium rate increases in FY21.

Mr. Oberle queried if the anticipated savings related to approved program changes were considered as part of the rate increase discussion. Dir. Rentz responded that a \$500K savings placeholder is built into the budget projections, and added that SBO is targeting June for a potential plan design for SurgeryPlus.

GHIP FERTILITY CARE/IVF SERVICES – DIRECTOR RENTZ

On average the GHIP spends \$1.3M annually, for 100-125 members receiving infertility benefits. The coverage does not extend to dependent children. Members must be at least 18 years of age, and not have reached their 45th birthday. Coverage does not include reversal of voluntary sterilization of either partner. Age appropriate Intrauterine Insemination (“IUI”) must be tried before In Vitro Fertilization (“IVF”). There are lifetime limits on medical and pharmacy expenses, \$10K, and \$15K respectively. Additionally, members pay a 25% co-insurance for medical and prescription expenses.

Senate Bill 139 with Senate Amendment 1 states that health insurance in Delaware must provide infertility coverage and preservation. SB 139 requires cost sharing be equal to non-fertility related services (would eliminate current 25% co-insurance). Dependent children are now eligible for coverage. Embryo transfer is approved for women up to 50 years of age. Infertility coverage extends to voluntary sterilization, if now with a different partner. Additionally, IUI is not required before IVF under certain circumstances.

Dir. Rentz reviewed the assumptions and cost estimate developed by the State’s medical and prescription administrators and first presented to the Committee in September 2018. Additional medical only expenses were estimated at \$5.25M annually, and prescription expenses were estimated at \$1.5M annually.

Members discussed the estimates for increased benefit utilization as a result of expanding eligibility. Estimates range from 20% to 35%. Dir. Rentz added that it was difficult to predict the uptake in utilization.

Dir. Rentz reviewed the assumptions and cost estimate prepared by SBO with 5 years of member data. Infertility related services were identified through billing codes, and estimates were based on paid claims. SBO estimates an additional \$2.5M per year and assumes adoption of the proposed considerations. The increased estimate is primarily a result of increasing the lifetime medical benefit from \$10K to \$30K.

Proposed considerations for the Subcommittee includes: increasing the \$10K lifetime medical benefit to \$30K, removing the 25% co-insurance, addition of coverage for iatrogenic infertility, coverage for cryopreservation, adoption of 6 completed egg retrievals with unlimited embryo transfers using Single Embryo Transfers (“SET”) when recommended and medically appropriate, limit Ovulation Induction (“OI”) and IUI to no more than 3 cycles before moving to IVF, and finally increase IVF transfer age through 49th year.

Additional considerations for the Subcommittee, not pertaining to SB 139, include embryo biopsy and testing. SB 139 does not include this provision. The GHIP does not cover this services and member data was not available, but SBO estimates the additional costs at \$6K per cycle, and services would apply to the \$30K lifetime maximum. Feedback was provided that at least one practice in Delaware charges approximately \$3K for the same services.

Both Highmark and Aetna are able to make the administrative changes required to increase the lifetime limit effective July 1, 2019.

There was a discussion on refining cost estimates, and potential savings. SBO will continue to monitor and analyze benefit utilization and provided updated estimates. Potentially bundling services through a third party infertility benefit administrator could provide competitive rates, and more accurate estimates. It was noted that SurgeryPlus

does not currently offer infertility care bundling. Re-contracting infertility prescription benefits may potentially provide greater savings.

Dir. Rentz provided updates to the Subcommittee from prior meetings. The Subcommittee discussed that after being approved for infertility benefits, members requiring additional diagnostic testing had those services apply toward their lifetime maximum medical benefit of \$10K. Dir. Rentz stated that Highmark and Aetna can carve out diagnostic testing from infertility benefits if provided CPT codes.

The Subcommittee had also considered increasing the lifetime limit of \$15K for infertility related prescription costs by \$5K. Dir. Rentz estimated the cost at an additional \$675K annually.

Dir. Rentz responded to feedback she had received from members who felt that the revised estimate and related assumptions remained too high. She stated that there is not enough data to reduce the estimate.

Dir. Rentz summarized each recommendation and component of SB 139 and asked the Subcommittee for feedback. Mr. Oberle stated that he is in favor of adopting the recommendations as presented, but added that it will be important to monitor benefit utilization to insure changes can be supported financially and sustainably. Ms. Magarik agreed that the recommendations appropriately balance fiscal responsibility with fairmindedness, and added that she supports the option for embryo biopsy as a tool, noting that it applies to the lifetime medical maximum and is not an additional expense.

The Subcommittee discussed next steps and recommendations for FY20 including, monitoring and comparing historical benefit utilization, issuing a RFP for a third party infertility benefit administrator, explore opportunities to lower infertility related prescription costs, and consideration of further redesign, appropriateness, and efficacy of infertility benefits for FY21.

PUBLIC COMMENT

Dir. Rentz allowed for public comment on the proposed recommendations.

Ms. Christine Gross thanked the Subcommittee for their work. She expressed that she deeply appreciates the support, and expressed her gratitude for the due diligence of the Statewide Benefits Office.

Ms. Jarrell is a State employee, and shared that she never expected to have difficulty growing a family. She understands the financial impact, and the conflict, and thanked the Subcommittee for their work.

HEALTH SAVINGS ACCOUNT PLANNING – MR. KEVIN FYOCK & MR. CHRIS GIOVANNELLO, WTW

The Subcommittee was asked to present a proposal regarding the design of a HSA plan option and present to the Committee at the meeting on June 10, 2019.

The Subcommittee was presented with several HSA plan design scenarios. Scenario 1 provides a seed deposit of \$1K individual/\$2K family. This scenario aligns with other state plans. The Relative Benefit Value (“RBV”) of 89% means the State pays .89 cents of every dollar, compared to 96% in the existing CDH Gold Plan, and 88% in the peer group.

Members discussed that in an HSA plan, the member would own the account balance, and that the employee can take the account with them if they leave State government. In the CDH Gold Plan, the member forfeits HRA contributions made by the State if they leave State government.

To have a qualified HSA plan, the minimum deductible for IRS guidelines is \$1,350. The recommendation in Scenario 1 is structured so that as the minimum increases annually, the plan is insulated from near-term plan changes.

Members were asked for their reactions to Scenario 1. Mr. Snyder stated that as a CDH Gold member, that he had received the survey sent out by SBO regarding the HSA proposal. He expressed concern that the survey didn't

capture whether the respondents would be in favor of a HSA plan if their exposure were doubled (current CDH Gold members pay 10% after deductible, in proposed Scenario 1 member pays 20% after deductible). Mr. Snyder added that he also does not agree with the 5% assumption in migration to a HSA plan. He would be in favor of a scenario that was more closely aligned to the CDH Gold Plan. Mr. Snyder added that he sees value as a recruitment tool, but does not feel a HSA will appeal to current employees because of the increased risk to income ratio for the member.

There was a discussion of the cost versus savings of offering a HSA plan. It was noted that offering a HSA plan does not save the State a meaningful amount of money, but the lower cost premiums of a HSA provides members with savings in premium rates.

Mr. Snyder expressed concern that while the premium rate savings is fixed, the added risk that the member assumes is not. He queried the downside of offering a Scenario that would more closely align to the CDH Gold Plan. Mr. Fyock responded that a similar plan would not align with the HSA plans offered by other states. Additionally, to maintain compliance, a lower deductible scenario would require a near-term increase to the deductible to meet the IRS requirements.

Mr. Oberle queried whether offering a HSA necessitates the elimination of the CDH Gold Plan. Mr. Fyock responded that it was recommended to freeze CDH Gold enrollment and discontinue HRA contributions, therefore allowing members to spend down their existing funds and closing out the Plan through attrition. Re-enrollment in the Plan would also be prohibited.

Mr. Oberle noted that the federal government does not preclude a HSA/HRA hybrid plan, and offered that option for the Subcommittees consideration. Mr. Fyock responded that there may be an option for a customized plan.

Mr. Giovannello reviewed considerations for timing of HSA seed funding. It is recommended that the funds be deposited at the beginning of the plan year to allow members to have immediate access to funds. It is also recommended to prorate seed deposits for new hires. It was noted that a 5% annual turnover rate means the State could forfeit up to \$100K as a result of attrition. Ms. Hinkle added that in response to an inquiry from the Joint Subcommittee meeting, data was pulled on employee attrition and 1,850 employees have terminated employment within the last year.

Ms. Magarik expressed concern regarding the potential exposure to the state of losing \$100K, but added it did not discourage her from being in favor of seeding upfront.

Mr. Fyock queried members whether the lower RBV of Scenario 1, or the freezing enrollment and HRA deposits in the CDH Gold Plan was of greater concern. Mr. Oberle acknowledged the pre-tax benefit, but expressed that the process is a challenge administratively for little to no cost savings. Mr. Fyock responded that there is a void in the State's offerings, and the option to enroll in a HSA plan provides choice. Ms. Magarik added that having a portable HSA account is attractive for new hires, and for employees nearing retirement age and who have not have been employed long enough to receive health care benefits. Ms. Steward agreed it was a strong recruiting tool.

Mr. Snyder asked what other states were benchmarked against Delaware, and whether the analysis adjusted for total compensation. Mr. Giovannello responded that the benchmark did not adjust for total compensation. Mr. Snyder responded with concern that the comparison was not as relevant as it could be. Mr. Fyock added that 26 states offer HSA plans and 4 of them offer an HSA alongside an HRA (GA, KS, LA, and VA).

Mr. Giovannello reviewed member education and communication initiatives, and related timeline. Implementation will take a full 12 months.

There is concern with offering a HSA to participating groups who have different payroll systems, and do not have the ability to take pre-tax payroll deductions, which would prevent those groups from being able to make the contributions into a HSA. It is possible for them to participate by making post tax contributions that would require

additional work on their end with year-end tax filings. The Department of Justice has stated that limiting HSA plan eligibility to some or all participating groups does not preclude offering a plan provided that there is a satisfactory mechanism in place for HSA contributions.

Members discussed offering a HSA plan alongside an HRA plan. Dir. Rentz responded that there was interest in pursuing multiple options, but added that while it was possible, administratively speaking SBO prefers one option. Mr. Oberle asked for consideration of a hybrid option, but added that he was sensitive to the restraints of the SBO office. Dir. Rentz asked Mr. Fyock to provide an overview of a potential hybrid option. Mr. Fyock noted that there are nuances to a hybrid plan, and that he will follow up with an example of modeling by email to Dir. Rentz.

OTHER BUSINESS

Mr. Oberle queried whether Referenced Based Pricing was being explored and whether there would be a deeper dialogue on whether that would be an applicable option in Delaware. Mr. Fyock responded that WTW has developed information on RBP, but due to time constraints will likely hold the presentation until July.

EXECUTIVE SESSION

A MOTION was made by Ms. Magarik and seconded by Mr. Oberle to enter Executive Session at 3:00 p.m. to discuss vendor responses provided as part of the Health Savings Account Request for Proposal.

MOTION ADOPTED UNANIMOUSLY

CALLED TO ORDER

Dir. Rentz called the public meeting back to order at 3:05 p.m.

ADJOURNMENT

A MOTION was made by Ms. Magarik and seconded by Mr. Oberle to adjourn the meeting 3:06 p.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Martha Sturtevant, Statewide Benefits Office, Department of Human Resources
Recorder, Statewide Employee Benefits Committee