

# The State of Delaware

FY23 Outstanding Decisions

Financial Subcommittee Meeting

February 24, 2022



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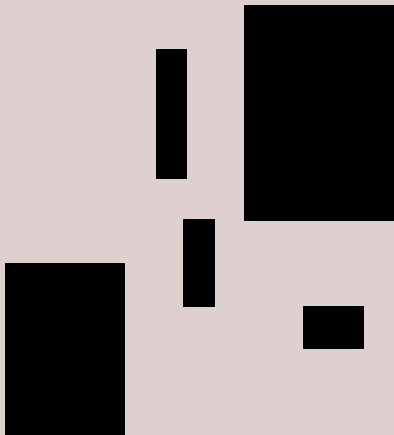
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# Updated long-term projections



# GHIP long term health care cost projections (updated through Jan' 22)

## Overview

- GHIP long-term projections have been updated to reflect all legislation signed into law and initiatives voted on by the SEBC as of February 24<sup>th</sup>, 2022 (see slide 5)
- Projections include assumed \$24m in COVID-19 reimbursement funds based on COVID claims incurred in 2021; payment expected to be received during FY23
  - No additional COVID-19 funding relief reflected in projections as funding relief would offset COVID-19 related expenses
- EGWP revenue projections (direct subsidy, coverage gap discount payment and federal reinsurance) for CY23 based on estimates previously provided by ESI; CVS will provide revised projections by 2/25 and any material deviation from current projections will be updated for 2/28 SEBC meeting
- Rate action required to solve for FY23 deficit, and annual rate action in FY23, FY24 and FY25 required to target \$0 deficit by end of FY25 are also provided
  - Member impact slides for various rate actions included beginning on slide 7
- On February 28<sup>th</sup>, 2022 , the SEBC will vote on a Medicare plan option for 1/1/23
- On February 28<sup>th</sup>, 2022 , the SEBC will also vote on a premium rate increase for FY23, based on a recommendation to be provided by the Financial Subcommittee

### **Financial Subcommittee recommendations to SEBC must consider:**

- **Recommended Medicare plan option for 1/1/23**
- **Signed/pending legislation impacting future GHIP costs**
- **Impact of any proposed rate action on FY23 and beyond (i.e., one-time rate action for FY23, or target 3-year smoothed rate increase)**

# GHIP long term health care cost projections (updated through Jan' 22)

## FY23 legislation impacting the GHIP

- The following bills have either been signed or are anticipated to be signed with an effective date on or before the end of FY23; future cost estimates are not reflected in the updated long-term projections but are included below:

Bill	Effective Date	Description	Fiscal Year Cost (Savings)
<b><i>Bills signed and/or enacted without signature from the Governor:</i></b>			
SB 25	January 1, 2022	Chiropractor reimbursement not less than Medicare	<b>\$0.5M-\$1.0M*</b>
SS 1 for SB 120	January 1, 2023; or as early as March/April 2022	Sustaining primary care through increased reimbursements	<b>\$4.6M – \$29.9M</b> ; reflects cost estimate for Highmark population only
HB 219	Immediately	Provides enhanced oversight and transparency as it relates to PBMs	<b>\$1.8M</b>
<b><i>Bills anticipated to be passed during the 151<sup>st</sup> General Assembly:</i></b>			
150 <sup>th</sup> General Assembly HB 307	As early as January 1, 2023	Requires coverage of annual behavioral health well visits with a non-physician behavioral health provider	<b>\$2.0M-\$3.1M</b>
TBD	As early as January 1, 2023	Sponsored bill will require all insurers, including the GHIP, to provide supportive/maintenance chiropractic care	<b>&gt;\$1M</b>

- Potential FY23 Cost / (Savings): \$9.9m - \$36.8m

\*Reflected in updated long-term projections due to 1/1/2022 effective date.



# GHIP long term health care cost projections (updated through Jan' 22)

No premium increases FY22-FY26 (*move to Group MA, medical only, eff. 1/1/23*)

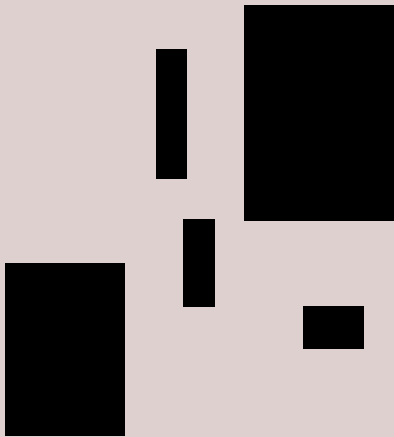
GHIP Costs (\$ millions)	FY20 Actual	FY21 Actual	FY22 Projected <sup>1</sup>	FY23 Projected <sup>1</sup>	FY24 Projected <sup>1</sup>	FY25 Projected <sup>1</sup>	FY26 Projected <sup>1</sup>
Average Enrolled Members	128,531	129,768	130,158	131,460	132,775	134,103	135,444
<b>GHIP Revenue</b>							
Premium Contributions (Increasing with Enrollment) <sup>2</sup>	\$830.8	\$839.4	\$839.4	\$802.5	\$764.8	\$772.4	\$781.1
<i>Hold premium rates flat FY23 and beyond</i>	-	-	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Revenues <sup>3</sup>	\$122.8	\$128.9	\$188.3	\$186.1	\$219.7	\$238.2	\$258.2
<b>Total Operating Revenues</b>	<b>\$953.7</b>	<b>\$968.3</b>	<b>\$1,027.7</b>	<b>\$988.6</b>	<b>\$984.5</b>	<b>\$1,010.6</b>	<b>\$1,039.3</b>
<b>GHIP Expenses (Claims/Fees)</b>							
Operating Expenses <sup>4</sup>	\$927.7	\$1,005.7	\$1,064.6	\$1,080.2	\$1,136.7	\$1,214.1	\$1,299.1
% Change Per Member	0.9%	7.4%	5.5%	0.5%	4.2%	5.8%	5.9%
<b>Adjusted Net Income (Revenue less Expense)</b>	<b>\$26.0</b>	<b>(\$37.4)</b>	<b>(\$36.9)</b>	<b>(\$91.6)</b>	<b>(\$152.2)</b>	<b>(\$203.5)</b>	<b>(\$259.8)</b>
Balance Forward	\$163.8	\$189.8	\$152.3	\$115.5	\$23.9	(\$128.2)	(\$331.7)
Ending Balance	\$189.8	\$152.3	\$115.5	\$23.9	(\$128.2)	(\$331.7)	(\$591.5)
- Less Claims Liability <sup>5</sup>	\$57.5	\$57.5	\$61.0	\$61.9	\$65.1	\$69.5	\$74.4
- Less Minimum Reserve <sup>5</sup>	\$24.3	\$24.3	\$24.3	\$24.7	\$26.0	\$27.8	\$29.7
- Less COVID-19 Reserve <sup>6</sup>	-	-	-	-	-	-	-
<b>GHIP Surplus (After Reserves/Deposits)</b>	<b>\$108.0</b>	<b>\$70.5</b>	<b>\$30.2</b>	<b>(\$62.7)</b>	<b>(\$219.3)</b>	<b>(\$429.0)</b>	<b>(\$695.6)</b>

- 8.67% rate increase needed to solve for FY23 deficit
- 8.98% annual increase in FY23, FY24, FY25 needed to target \$0 deficit by end of FY25

*It is evident that the COVID-19 pandemic will have an impact on health care costs. We have used available information and reasonable estimation techniques to develop health care cost estimates for the GHIP that reflect the impact of COVID-19. However due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.*

Please refer to Appendix for FY17, FY18, and FY19 actual results (slide 13) and detailed projection footnotes (slide 14)

# Member Impact Scenarios





# FY23 monthly rates and employee/retiree contributions

Illustrative: 8.67% increase effective 7/1/2022

FY23 reflects employee contribution increases of \$2.41 - \$23.66 per employee per month (\$28.92 - \$283.92 per year) and State subsidy increases of \$57.88 - \$156.14 per employee per month (\$694.56 - \$1,873.68 per year) effective 7/1/2022

	Current Rates			FY 2023 with 8.67% Increase (effective 7/1/2022)			\$ Change Employee/ Pensioner Contribution		\$ Change State Subsidy	
	Rate	Employee Contribution	State Subsidy	Rate	Employee Contribution	State Subsidy	Monthly	Annual	Monthly	Annual
<b>First State Basic</b>										
Employee	\$695.36	\$27.84	\$667.52	\$755.65	\$30.25	\$725.40	\$2.41	\$28.92	\$57.88	\$694.56
Employee + Spouse	\$1,438.68	\$57.52	\$1,381.16	\$1,563.41	\$62.51	\$1,500.90	\$4.99	\$59.88	\$119.74	\$1,436.88
Employee + Child	\$1,057.02	\$42.26	\$1,014.76	\$1,148.66	\$45.92	\$1,102.74	\$3.66	\$43.92	\$87.98	\$1,055.76
Family	\$1,798.42	\$71.92	\$1,726.50	\$1,954.34	\$78.16	\$1,876.18	\$6.24	\$74.88	\$149.68	\$1,796.16
<b>CDH Gold</b>										
Employee	\$719.68	\$35.98	\$683.70	\$782.08	\$39.10	\$742.98	\$3.12	\$37.44	\$59.28	\$711.36
Employee + Spouse	\$1,492.22	\$74.58	\$1,417.64	\$1,621.60	\$81.05	\$1,540.55	\$6.47	\$77.64	\$122.91	\$1,474.92
Employee + Child	\$1,099.56	\$54.96	\$1,044.60	\$1,194.89	\$59.73	\$1,135.16	\$4.77	\$57.24	\$90.56	\$1,086.72
Family	\$1,895.74	\$94.78	\$1,800.96	\$2,060.10	\$103.00	\$1,957.10	\$8.22	\$98.64	\$156.14	\$1,873.68
<b>Aetna HMO</b>										
Employee	\$725.94	\$47.16	\$678.78	\$788.88	\$51.25	\$737.63	\$4.09	\$49.08	\$58.85	\$706.20
Employee + Spouse	\$1,530.58	\$99.50	\$1,431.08	\$1,663.28	\$108.13	\$1,555.15	\$8.63	\$103.56	\$124.07	\$1,488.84
Employee + Child	\$1,110.52	\$72.18	\$1,038.34	\$1,206.80	\$78.44	\$1,128.36	\$6.26	\$75.12	\$90.02	\$1,080.24
Family	\$1,909.82	\$124.12	\$1,785.70	\$2,075.40	\$134.88	\$1,940.52	\$10.76	\$129.12	\$154.82	\$1,857.84
<b>Comprehensive PPO</b>										
Employee	\$793.86	\$105.18	\$688.68	\$862.69	\$114.30	\$748.39	\$9.12	\$109.44	\$59.71	\$716.52
Employee + Spouse	\$1,647.34	\$218.26	\$1,429.08	\$1,790.16	\$237.18	\$1,552.98	\$18.92	\$227.04	\$123.90	\$1,486.80
Employee + Child	\$1,223.46	\$162.08	\$1,061.38	\$1,329.53	\$176.13	\$1,153.40	\$14.05	\$168.60	\$92.02	\$1,104.24
Family	\$2,059.40	\$272.86	\$1,786.54	\$2,237.95	\$296.52	\$1,941.43	\$23.66	\$283.92	\$154.89	\$1,858.68

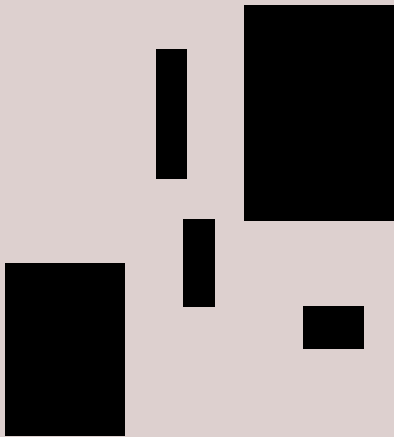
# FY23 monthly rates and employee/retiree contributions

Illustrative: 9% increase effective 7/1/2022

FY23 reflects employee contribution increases of \$2.51 - \$24.56 per employee per month (\$30.12 - \$294.72 per year) and State subsidy increases of \$60.07 - \$162.09 per employee per month (\$720.84 - \$1,945.08 per year) effective 7/1/2022

	Current Rates			FY 2023 with 9% Increase (effective 7/1/2022)			\$ Change Employee/ Pensioner Contribution		\$ Change State Subsidy	
	Rate	Employee Contribution	State Subsidy	Rate	Employee Contribution	State Subsidy	Monthly	Annual	Monthly	Annual
<b>First State Basic</b>										
Employee	\$695.36	\$27.84	\$667.52	\$757.94	\$30.35	\$727.59	\$2.51	\$30.12	\$60.07	\$720.84
Employee + Spouse	\$1,438.68	\$57.52	\$1,381.16	\$1,568.16	\$62.70	\$1,505.46	\$5.18	\$62.16	\$124.30	\$1,491.60
Employee + Child	\$1,057.02	\$42.26	\$1,014.76	\$1,152.15	\$46.06	\$1,106.09	\$3.80	\$45.60	\$91.33	\$1,095.96
Family	\$1,798.42	\$71.92	\$1,726.50	\$1,960.28	\$78.39	\$1,881.89	\$6.47	\$77.64	\$155.39	\$1,864.68
<b>CDH Gold</b>										
Employee	\$719.68	\$35.98	\$683.70	\$784.45	\$39.22	\$745.23	\$3.24	\$38.88	\$61.53	\$738.36
Employee + Spouse	\$1,492.22	\$74.58	\$1,417.64	\$1,626.52	\$81.29	\$1,545.23	\$6.71	\$80.52	\$127.59	\$1,531.08
Employee + Child	\$1,099.56	\$54.96	\$1,044.60	\$1,198.52	\$59.91	\$1,138.61	\$4.95	\$59.40	\$94.01	\$1,128.12
Family	\$1,895.74	\$94.78	\$1,800.96	\$2,066.36	\$103.31	\$1,963.05	\$8.53	\$102.36	\$162.09	\$1,945.08
<b>Aetna HMO</b>										
Employee	\$725.94	\$47.16	\$678.78	\$791.27	\$51.40	\$739.87	\$4.24	\$50.88	\$61.09	\$733.08
Employee + Spouse	\$1,530.58	\$99.50	\$1,431.08	\$1,668.33	\$108.46	\$1,559.87	\$8.96	\$107.52	\$128.79	\$1,545.48
Employee + Child	\$1,110.52	\$72.18	\$1,038.34	\$1,210.47	\$78.68	\$1,131.79	\$6.50	\$78.00	\$93.45	\$1,121.40
Family	\$1,909.82	\$124.12	\$1,785.70	\$2,081.70	\$135.29	\$1,946.41	\$11.17	\$134.04	\$160.71	\$1,928.52
<b>Comprehensive PPO</b>										
Employee	\$793.86	\$105.18	\$688.68	\$865.31	\$114.65	\$750.66	\$9.47	\$113.64	\$61.98	\$743.76
Employee + Spouse	\$1,647.34	\$218.26	\$1,429.08	\$1,795.60	\$237.90	\$1,557.70	\$19.64	\$235.68	\$128.62	\$1,543.44
Employee + Child	\$1,223.46	\$162.08	\$1,061.38	\$1,333.57	\$176.67	\$1,156.90	\$14.59	\$175.08	\$95.52	\$1,146.24
Family	\$2,059.40	\$272.86	\$1,786.54	\$2,244.75	\$297.42	\$1,947.33	\$24.56	\$294.72	\$160.79	\$1,929.48

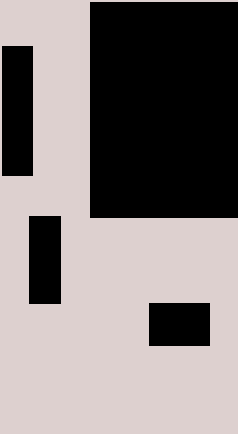
## Next Steps



# Outstanding decisions for 2/28 SEBC vote

- Discuss July 1, 2022 premium rate action for recommendation to SEBC
- Consider:
  - Recommended Medicare plan option for 1/1/23
  - Signed/pending legislation impacting future GHIP costs
  - Impact of any proposed rate action on FY23 and beyond (i.e., one-time rate action for FY23, or target 3-year smoothed rate increase)

# Appendix



# GHIP historical health care fund information

FY17-FY19

GHIP Costs (\$ millions)	FY17 Actual	FY18 Actual	FY19 Actual
Average Enrolled Members	123,132	125,488	126,360
<b>GHIP Revenue</b>			
Premium Contributions (Increasing with Enrollment) <sup>2</sup>	\$799.0	\$810.9	\$817.4
<i>Hold premium rates flat FY21+</i>	-	-	-
Other Revenues <sup>3</sup>	\$81.6	\$92.1	\$98.5
<b>Total Operating Revenues</b>	<b>\$880.6</b>	<b>\$903.0</b>	<b>\$915.9</b>
<b>GHIP Expenses (Claims/Fees)</b>			
Operating Expenses <sup>4</sup>	\$816.8	\$853.9	\$904.0
% Change Per Member		2.6%	5.1%
Excise Tax Liability <sup>5</sup>			
<b>Adjusted Net Income (Revenue less Expense)</b>	<b>\$63.8</b>	<b>\$49.1</b>	<b>\$11.9</b>
Balance Forward	\$38.9	\$102.7	\$151.8
Ending Balance	\$102.7	\$151.8	\$163.8
- Less Claims Liability <sup>6</sup>	\$54.0	\$58.9	\$58.8
- Less Minimum Reserve <sup>6</sup>	\$24.0	\$24.0	\$24.3
<b>GHIP Surplus (After Reserves/Deposits)</b>	<b>\$24.7</b>	<b>\$68.9</b>	<b>\$80.7</b>

# GHIP long term health care cost projection footnotes

**Note: FY17-FY21 actuals based on final June Fund Equity reports for respective fiscal year; FY22+ projected operating expenses and enrollment based on experience through October 2021 with adjustments due to COVID-19 financial impact; assumed 1% annual enrollment growth; numbers in table may not add up due to rounding**

1. Includes approved design changes effective 7/1/2019 including implementation of SurgeryPlus COE (\$0.5m annual savings), site-of-care steerage (\$6.9m), Highmark infusion therapy program (\$2.0m) and implementation of Livongo (\$0.7m); FY21 reflects implementation of Highmark radiation therapy authorization program (\$633k annual savings per Highmark); FY22-FY26 projections based on 5% medical, 8% pharmacy baseline trend; assumes 1% annual growth in GHIP membership; FY22 projection reflects impact of COVID-19; assumes no other program changes in FY22 and beyond.
2. Includes State and employee/pensioner premium contributions; assumes 1% annual enrollment growth for FY22-FY26
3. Includes Rx rebates, EGWP payments, other revenues based on when revenues will be received; FY22 and beyond includes estimated improvements in Rx rebates based on result of PBM award to CVS Health; rebates assumed to be paid 60 days after the quarter adjudicated; includes fees for participating non-State groups (assumed to increase proportionally with membership and premium growth); FY22 includes projected \$8.4m CY2020 CMS financial reconciliation payment to be received Jan. 2022.
4. FY22 and beyond includes estimated reduction in pharmacy claims as a result of PBM award to CVS Health
5. FY20 Minimum Reserve levels updated with data through June 2019; FY20 Claim Liability updated with lag factors as of Dec 2019 and claims data through December 2019; FY21 reserves assumed to remain at FY20 levels; FY22 claim liability and future years assumed to increase with overall GHIP claims growth; FY22 minimum reserve assumed to remain at FY21 level.
6. One-time COVID-19 reserve as approved by SEBC on July 27<sup>th</sup>, 2020; released at the end of FY21

*It is evident that the COVID-19 pandemic will have an impact on health care costs. We have used available information and reasonable estimation techniques to develop health care cost estimates for the GHIP that reflect the impact of COVID-19. However due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.*