

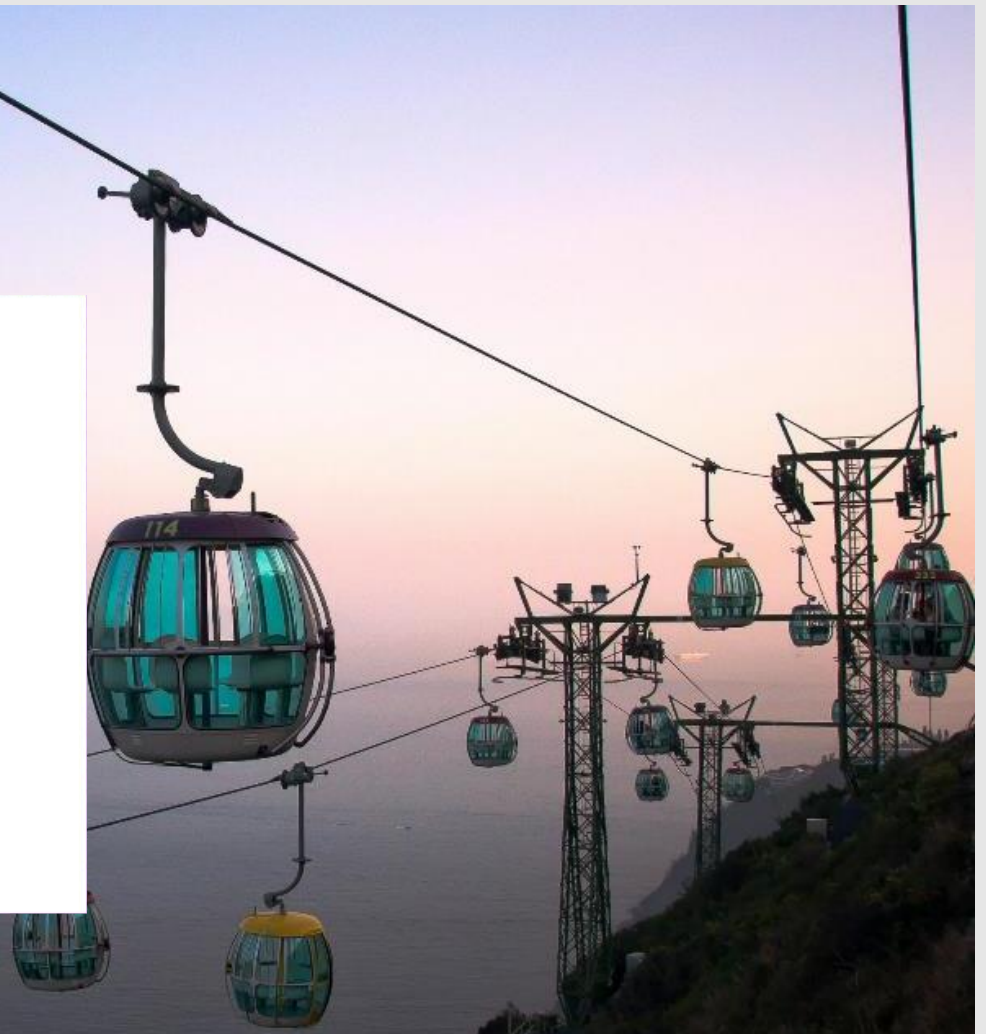


The State of Delaware

Modernizing Benefits Initiative

Combined Subcommittee Meeting

July 21, 2022



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Modernizing benefits initiative

- At the June SEBC meeting, an overview was provided regarding actions employers are taking to modernize their benefits strategy to meet present-day business and workforce needs
- Like other employers, the State is experiencing similar attraction and retention challenges, and evolving workforce demographics
- There is an opportunity for the SEBC to evaluate new and emerging benefits, programs and services to determine which may be financially feasible and of most value and importance to the State's workforce
 - Explore ways to reallocate the State's current benefits investment that are aligned with the above goals
 - Example: The State offers rich non-Medicare retiree benefits, with both active employees and non-Medicare retirees being rated in one risk pool
 - Active medical plan participants are subsidizing non-Medicare retiree costs
 - Disconnect between medical premium revenue and expected cost of each plan option
 - Underwriting the medical plans separately by risk-pool (e.g., actives and non-Medicare retirees with separate rates and contributions based on actual expenditures) would eliminate the cross-subsidization issue
 - Active employee premiums would decrease, which could allow the State to reinvest a portion of current funding in other employer-sponsored benefits

Consider the following future state for the GHIP, which could include:



Meaningful Choice – Several medical plan options that are meaningfully different in terms of price tags and benefit value (including an IRS-qualified HSA plan)



Personalized Benefit Offerings – After-tax Lifestyle Savings Account aimed at meeting the participants life needs in any given year (e.g., child/elder care, student loan repayment, pet insurance, etc.)



Voluntary Benefits – Strategic approach driven by employee demographics, supported by robust benchmarking, market knowledge and enrollment services



Flexible Subsidization – Employees receive fixed amount towards suite of core and voluntary benefit offerings such that employees can purchase based on their own unique needs



Meets Variety of Needs – Scope of benefit offerings are flexible to meet the needs and preferences of the State's diverse workforce

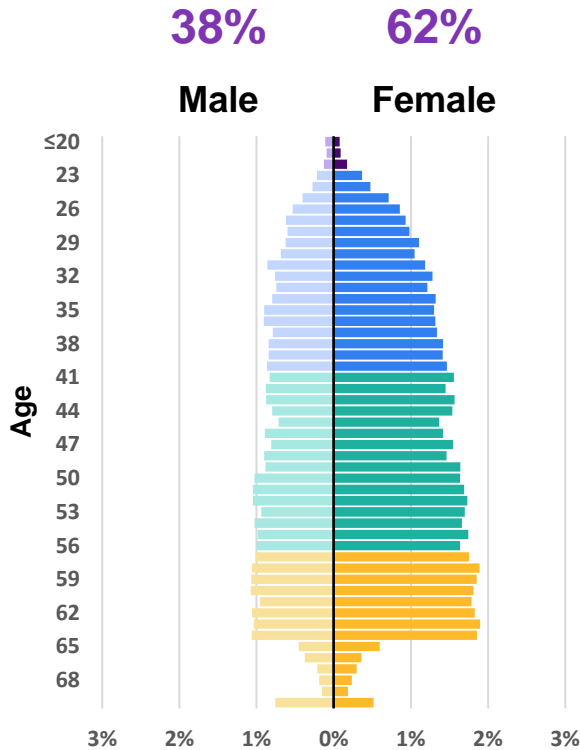
Next steps

- SEBC confirmed approval for the SBO and WTW to work with the Subcommittees to evaluate options for GHIP benefits modernization
- Recommendations to be brought before the SEBC in early 2023, which would include timing for phased-in approach starting with the FY24 plan year
- Selected topics for upcoming Subcommittee meetings are below
 - Will be coordinated with other areas of study by the Subcommittees, i.e., site-of-care steerage

Month	Subcommittee Meeting Topics
Aug 2022	Review capabilities of existing GHIP vendors related to personalized benefits offerings and voluntary benefits
Sep 2022	Continue reviewing capabilities of existing GHIP vendors related to personalized benefits offerings and voluntary benefits
Oct 2022	Review options for redesign of selected benefits, including benchmarking and other benefits reviews; may include other opportunities related to primary care access
Nov 2022	Continue reviewing options for redesign of selected benefits, working toward consensus towards straw-model for redesign
Dec 2022	Continue reviewing options for redesign of selected benefits, working toward consensus towards straw-model for redesign
Jan 2023	Finalize Subcommittee recommendations for straw-model benefits redesign

Appendix

Shifting demographic profile of the GHIP

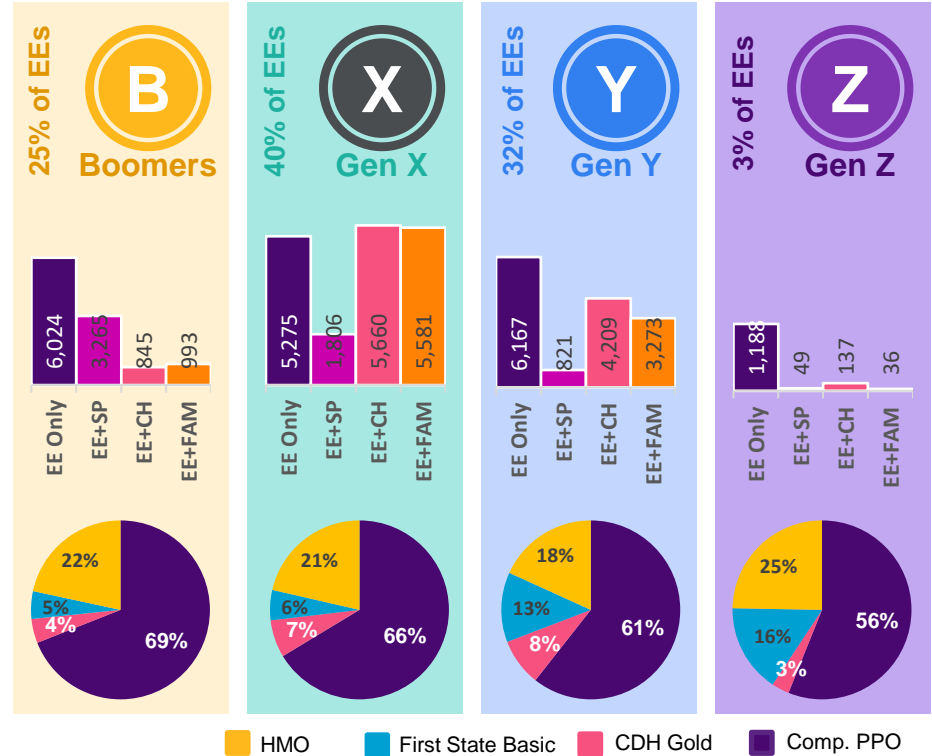


47.1
Average age

59%
% Covering dependents

65%
% Enrolled in Comprehensive PPO

Breakout by generational cohort (Includes non-Medicare retirees)



- Gen X is the largest generational cohort of the active benefits-eligible workforce (40%) followed by Gen Y (32%)
- Gen X significantly more likely to cover child dependents; majority of Boomers and Gen Z are enrolled in single coverage
- Boomers are most likely to enroll in the Comprehensive PPO option and least likely to enroll in First State Basic
- Gen Z have the greatest proportion enrolled in the HMO and First State Basic options
- Gen X and Gen Y have the highest proportion enrolled in the CDH Gold option

The State offers rich non-Medicare retiree benefits, with both active employees and non-Medicare retirees being rated in one risk pool

- Active medical plan participants are subsidizing non-Medicare retiree costs
- Disconnect between medical premium revenue and expected cost of each plan option

Carrier	Highmark	Highmark	Aetna	Aetna
Plan Name	Comprehensive PPO	First State Basic	CDH Gold	HMO
Plan Type	PPO	PPO	HRA	HMO
Enrollment (Actives & pre-65s)	29,536	3,492	3,023	9,278
Average Age	46.1	39.7	44.3	45.6
Account Funding (Maximum)	N/A	N/A	\$1,250/\$2,500	N/A
Deductible	\$0	\$500/\$1,000	\$1,500/\$3,000	\$0
Copays				
• PCP	\$20	N/A	N/A	\$15
• Specialist	\$30	N/A	N/A	\$25
• Urgent Care	\$20	\$25	N/A	\$15
• ER	\$200	N/A	N/A	\$200
Plan Coinsurance	100%	90%	90%	N/A
Out-of-Pocket Maximum	\$4,500/\$9,000	\$2,000/\$4,000	\$4,500/\$9,000 Med \$2,100/\$4,200 Rx	\$4,500/\$9,000 Med \$2,100/\$4,200 Rx
Rx Tier 1/ Tier 2/ Tier 3	\$8/\$28/\$50	\$8/\$28/\$50	\$8/\$28/\$50	\$8/\$28/\$50
Plan Value (no HRA seed)	96.7	90.7	83.0	97.0
Plan Value (with HRA seed)	96.7	90.7	96.3	97.0
Contribution Percentage	13.25%	4%	5%	6.5%