

**MINUTES FROM THE COMBINED MEETING OF THE FINANCIAL and HEALTH POLICY & PLANNING SUBCOMMITTEES  
TO THE STATE EMPLOYEE BENEFITS COMMITTEE  
September 15, 2022**

The Financial Subcommittee and the Health Policy & Planning (“HP&P”) Subcommittee to the State Employee Benefits Committee (the “Committee”) met Thursday, September 15, 2022 in a combined meeting. In the interests of protecting the citizens of this State from the public health threat caused by COVID-19, participants had the option to attend virtually via Webex in addition to the option to attend in person.

Subcommittee Members Represented or in Attendance:

Director Faith Rentz, Statewide Benefits Office (“SBO”), Department of Human Resources (“DHR”) (Appointee of Secretary Claire DeMatteis), Chair  
Mr. Steven Costantino, Director Health Care Reform, Dept. of Health and Social Services (“DHSS”) (Appointee of Secretary Molly Magarik)  
Mr. William Oberle, Delaware State Trooper’s Association (Appointee of Mr. Taschner, Executive Director, DSEA)  
Mr. Stuart Snyder, Chief of Staff, Department of Insurance (“DOI”) (Appointee of Commissioner Trinidad Navarro)  
Ms. Ashley Tucker, Deputy State Court Administrator, Administrative Office of the Courts, (Appointee of The Hon. Collins Seitz, Chief Justice, Delaware Supreme Court)  
Ms. Judi Schock, Deputy Principal Assistant, Office of Management & Budget (“OMB”) (Appointee of OMB Director Cerron Cade)  
Mr. Matthew Rosen, Senior Policy Advisor, Office of the State Treasurer (Appointee of The Honorable Colleen Davis, State Treasurer)  
Mr. Robert Scoglietti, Deputy Controller General, Office of the Controller General (“OCG”) (Appointee of Controller General Ruth Ann Jones)  
Ms. Judy Anderson, Delaware State Education Association (Appointee of Mr. Taschner, Executive Director, DSEA)  
Ms. Jeanette Hammon, Sr. Fiscal and Policy Analyst, Office of Management & Budget (“OMB”) (Appointee OMB Director Cerron Cade)  
The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer (“OST”), SEBC Member

Subcommittee Members Not Represented or in Attendance:

Mr. Keith Warren, Chief of Staff, Office of the Lt. Governor (Appointee of Lt. Governor Bethany Hall-Long)

Others in Attendance:

Ms. Leighann Hinkle, Deputy Director, SBO, DHR  
Mr. Aaron Schrader, SBO, DHR  
Ms. Heather Johnson, Controller, DHR  
Mr. Chris Giovannello, WTW  
Ms. Jaclyn Iglesias, WTW  
Mr. Brian Stitzel, WTW  
Mr. Daniel Madrid, Deputy Director, DOF  
Ms. Wendy Beck, Highmark Delaware  
Ms. Julie Caynor, Aetna  
Mr. Walter Mateja, Merative  
Ms. Sandy Hart, Merative  
Ms. Charlene Hrivnak, CVS Health  
Ms. Sara Dunlevy, CVS Health  
Ms. Rishika Gupta, CVS Health  
Ms. Louisa Phillips, DHA  
Mr. Tom Pledgie, Pensioner  
Ms. Carole Mick, SBO, DHR - Recorder, State Employee Benefits Committee and Subcommittee

**CALLED TO ORDER – DIRECTOR RENTZ, SBO**

Director Rentz called the meeting to order at 10:01 a.m.

**STATE OF DELAWARE STATEWIDE BENEFITS OFFICE**

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**APPROVAL OF MINUTES – DIRECTOR RENTZ, SBO**

A MOTION was made by Ms. Schock and seconded by Mr. Snyder to approve the minutes from the Combined Subcommittee meeting on August 18<sup>th</sup>, 2022.

MOTION APPROVED.

Mr. Scoglietti is abstaining from approval of the minutes.

**DIRECTOR'S REPORT – DIRECTOR RENTZ, SBO**

The Medicare Advantage (MA) Plan will take effect on January 1<sup>st</sup>, 2023 and SBO will continue working with Highmark and the Pension Office to administer the new plan. SBO conducted 18 education sessions in August for pensioners regarding the MA Plan implementation which included presentations from Highmark and CVS SilverScript. Additional education sessions will occur in September and these sessions are sponsored by members of the General Assembly.

The Medicare open enrollment dates are October 3<sup>rd</sup>, 2022 - October 24<sup>th</sup>, 2022. Information sessions and presentations will occur during this timeframe to assist pensioners with additional questions and enrollment/disenrollment from the State's plan. Medicare open enrollment packets were mailed September 15<sup>th</sup>, 2022 to pensioners who are currently enrolled in the Medicfill with prescription plan. A separate mailing will be sent to pensioners who are currently enrolled in the Medicfill only plan as well as pensioners who are eligible but not currently enrolled in coverage (i.e. waived). Highmark will be sending a mailing to eligible State pensioners by the end of September which will include a summary of benefits.

The MA plan contract is anticipated to be finalized and signed by the end of September. The contract will include the performance guarantees and will be made publicly available.

Mr. Oberle asked if the contract has been signed by Highmark. Ms. Rentz stated that the contract for the July 1<sup>st</sup>, 2022 plans has been signed, however, the MA plan contract has not been signed and will be available by the end of September.

**PCP DASHBOARD FY22 Q3 & FY22 Q4 – DEPUTY DIRECTOR LEIGHANN HINKLE, SBO**

Deputy Director Hinkle provided an overview of the Primary Care Provider (PCP) landscape in Delaware for FY22 Q3 & Q4.

FY22 Q3 PCPs

FY22 Q3 total PCPs in Delaware for Highmark was 1,481 compared to 1,480 from Q2. FY22 Q3 total PCPs in Delaware for Aetna was 1,544 compared to 1,508 from Q2. Highmark had 20 providers terminate in Q3 and Aetna had 10 providers terminate in Q3. There were no PCPs terminated by both vendors from Q3. Q3 new PCPs for Highmark totaled 22 and Aetna totaled 33. An overview of total member PCP visits for FY21 Q4, FY22 Q1, and FY22 Q2 were displayed. There were approximately 35% of members had at least 1 PCP visit during the FY22 Q1 & Q2.

FY22 Q4 PCPs

Q4 total PCPs for Highmark totaled 938 (1,480 in Q2) and Aetna totaled 1,647 (1,508 in Q2). Q4 PCP terminations for Highmark totaled 26 and Aetna totaled 14. No PCPs were terminated by both vendors for Q4. Q4 new PCPs for Highmark totaled 28 and Aetna totaled 58. An overview of total member PCP visits for FY22 Q1, Q2, & Q3 were displayed.

Mr. Scoglietti questioned the drastic decrease in PCPs from Q3 to Q4 with the Highmark network. Ms. Hinkle stated that more information will be provided to determine the cause of this decrease. State Treasurer Davis wanted clarification that neither vendor had any concierge terminations. Ms. Hinkle confirmed that no

concierge terminations occurred. The data provided in the PCP dashboards are received directly from the healthcare vendors.

## **FINANCIALS – MR. CHRIS GIOVANNELLO, WTW**

### July 2022 Fund Report

The Aetna CareVio reconciliation payment of \$21,000 and the ESI class action payment of \$57,000 make up the majority of the “Other Revenues” totalling \$92,000. Claims were roughly \$8.8M above budget. Total net income for the month of July had a deficit of almost \$20M with a \$12.6M delta variance from budget. The fund equity balance totaled \$137.5M.

Mr. Scoglietti asked, for Fiscal Year 2022, can WTW provide a total amount of revenue received from the Coronavirus Aid, Relief, and Economic Security Act (CARES) and American Rescue Plan Act (ARPA). Mr. Giovannello stated that this information can be provided as a follow-up.

## **FY24 PLANNING – CHRIS GIOVANNELLO & JACLYN IGLESIAS, WTW**

### Long-term projections through FY22 Q4

Mr. Giovannello provided a brief overview of the GHIP long-term projections through FY24 that were presented at the August Subcommittee meeting. FY23 is projected to close with a \$1.6M deficit and FY24 is projected to close with a \$113.5M deficit. The FY23 budget for the month of June exceeded budget projections by \$9M in claims and FY23 budget for the month of August is estimated to be around \$12M above budget in claims. Overall, in FY23, the budget will run \$20M above the projected budget, which will add to the projected deficit.

Mr. Giovannello reviewed the causes of the FY24 deficit to include depletion of the GHIP surplus, healthcare trend (5.5% medical, 8% pharmacy), lost Medicfill subsidy, and reduced anticipated revenues with EGWP and rebates. Projected favorable experience includes operating expenses at +2.4% over FY23 and other revenues projected \$28.8M higher than FY23 but is offset by \$33M reduction in premium revenue due to reduced Medicfill subsidy. A 14.3% rate increase effective July 1<sup>st</sup>, 2023 is required to solve to the \$113.5M projected FY24 deficit. To smooth the rate increase over 3 years would require a 9.8% rate increase effective July 1<sup>st</sup>, 2023.

*Mr. Costantino joined the meeting.*

### Site of Care Steerage

Ms. Iglesias followed up on a question from Subcommittee members regarding how the cost for urgent care centers owned by hospital systems compares to those not owned by hospital systems. An analysis was conducted by Merative and concluded that non-hospital owned urgent care centers in the State cost around \$100 per visit and hospital owned urgent care centers cost around \$114 per visit.

Ms. Iglesias asked Subcommittee members about their interest in pursuing any site of care plan design changes for FY24. Mr. Scoglietti and Mr. Oberle support continued evaluation of site of care plan design changes. Ms. Rentz commented that additional content will be brought to the Subcommittee and asked where the Subcommittee would like to focus for site of care steerage. Mr. Oberle is interested in focusing on increased co-pays to incentivize members to use care at lower cost facilities and enhanced education regarding preferred sites.

Ms. Tucker asked how many care facilities in the State are independent versus owned by a hospital. Ms. Iglesias responded that additional information can be provided. WTW has observed this trend at the national level and will follow up on what this looks like specifically in Delaware. Ms. Rentz questioned if there’s an opportunity, we can tailor co-pays by site and type of services provided. Mr. Stitzel continued that data could be gathered to determine how to tailor co-pays by site and type of services. Mr. Giovannello stated that a post-authorization could potentially be added for sites of care such as the emergency room that would determine the co-pay amount that the member would pay following their visit. Mr. Oberle and Ms. Schock support this idea. Ms. Rentz stated that an analysis can be presented to the Subcommittee at the next meeting.

Benefits Modernization

The employee survey is delayed for several months due to other initiatives. This survey will assess potential redesigning of certain selected benefits and further evaluation of other benefits with any changes now anticipated for FY25 or later. Questions have been received regarding expanding GHIP coverage of prescription drugs to support members with a diagnosis of obesity.

Proposed next steps include further evaluation of short-term opportunities that will not add incremental cost to the GHIP and pause further consideration of opportunities that will add significant cost to the GHIP.

Mr. Snyder asked how primary care clinics through Aetna and Everside Health will add cost to the GHIP if their purpose is to steer members away from ER visits. Ms. Iglesias stated that there would be an additional cost since these clinics do not currently exist within the State and a fee would be required to have access to these facilities.

Mr. Snyder wanted confirmation that weight loss drugs are currently not included in benefits. Ms. Iglesias stated there are several emerging weight management drugs available but are not included in the State's prescription plan. These additional drugs have not been incorporated under the plan as a covered therapeutic class of medications.

Mr. Costantino asked if there is an opportunity to approach Aetna to make a proposal to build these clinics but not increase the total cost of care on the contract. The Subcommittee continued to discuss possibly mitigating these costs through the vendors by contract negotiation and what the return on investment will look like. Ms. Iglesias responded that conversations can be had with the Aetna on this topic.

Mr. Snyder asked if SBO has investigated joint therapy treatments to reduce surgeries. Ms. Rentz stated that these options can be further looked at in terms of whether these treatments can be covered or are they experimental. Evaluating emerging treatments can be conducted. Ms. Iglesias commented that more information can be provided at the next meeting.

Mr. Oberle asked if it is possible to house clinics in State owned facilities to minimize cost for capital investment and possibly pay some dividends. WTW will further explore this option with Aetna.

FY23/FY24 Cost Avoidance Opportunities

Ms. Iglesias reviewed opportunities that were already approved by the SEBC that include expanding the State's Center of Excellence (COE) strategy by mandating bariatric surgery through SurgeryPlus and implementing a virtual musculoskeletal solution through Hinge Health. Additional opportunities that have not yet been approved include:

- Value-based contracting arrangements
- PrudentRx
- Expanded COE strategy: mandate other surgeries through SurgeryPlus
- Implement a Consumer Directed Health Plan (CDHP) – Health Saving Plan (HSA) Plan
- Pre-65 retiree Marketplace

Mr. Oberle commented that the Subcommittee should consider exploring other carve-out options through SurgeryPlus. Mr. Scoglietti agreed with Mr. Oberle's statements. Mr. Scoglietti asked what kind of issues may arise with adopting a program such as PrudentRx. Ms. Iglesias responded that these types of programs are currently under scrutiny and there are some mechanical challenges occurring with these programs. There are other program opportunities via SurgeryPlus that can be discussed at the next meeting.

Treasurer Davis asked if these opportunities for discussion will be presented at future meetings. Ms. Rentz responded that these opportunities will continually be discussed to narrow down the options in order to formulate recommendations.

Mr. Costantino asked if there are any other states currently using the Pre-65 retiree Marketplace. Mr.

Giovanello stated that the marketplace has drastically expanded over the years and that WTW can review to see if any other states are using this option. Mr. Costantino asked if all the plans would be eligible for retirees on the marketplace or would the State have a plan tailored to retirees on the marketplace. Mr. Stitzel responded that typically when using the marketplace, the employer would provide the retiree with a subsidy to purchase a plan on the marketplace.

Ms. Rentz stated that time will be spent each month to discuss these options and review short-term considerations to make recommendations to the SEBC and more context will be provided regarding these opportunities at future meetings. Ms. Iglesias provided next steps for benefits modernization which includes exploring short-term opportunities and pausing further review of opportunities that will add cost to the GHIP that were not of interest to the Subcommittee based on today's discussion.

**OTHER BUSINESS**

No other business.

**PUBLIC COMMENT**

No public comment was provided.

**ADJOURNMENT**

A MOTION was made by Mr. Scoglietti and seconded by Ms. Costantino to adjourn the public session at 11:38 a.m. MOTION ADOPTED UNANIMOUSLY.

Respectfully submitted,

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Carole Mick, Executive Secretary, Statewide Benefits Office, Department of Human Resources  
Recorder, State Employee Benefits Committee, and Subcommittees