

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

The Financial Subcommittee and the Health Policy & Planning (“HP&P”) Subcommittee to the State Employee Benefits Committee (the “Committee”) met Thursday, December 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:

Ms. Leighann Hinkle, Deputy Director, Statewide Benefits Office (“SBO”), Department of Human Resources (“DHR”) (Designee of Director Faith Rentz, SBO, 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)
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)
Ms. Judi Schock, Deputy Principal Assistant, Office of Management & Budget (“OMB”) (Appointee of OMB Director Cerron Cade)
Mr. David Bentz, Deputy Director, Dept. of Health and Social Services (“DHSS”) (Appointee of Secretary Molly Magarik)

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)
Mr. Matthew Rosen, Senior Policy Advisor, Office of the State Treasurer “OST” (Appointee of The Honorable Colleen Davis, State Treasurer)

Others in Attendance:

Ms. Nina Figueroa, Health Policy Advisor, SBO, DHR	Ms. Sara Dunlevy, CVS Health
Mr. Aaron Schrader, SBO, DHR	Ms. Wendy Beck, Highmark
Ms. Cherie Dodge Biron, Director, Financial & Administrative Services, DHR	Ms. Lisa Mantegna, Highmark
Mr. Chris Giovannello, WTW	Ms. Christina Bryan, DHA
Ms. Gabby Costagliola, WTW	Ms. Paula Roy, Roy & Associates
Ms. Jaclyn Iglesias, WTW	Mr. Robert Clarkin, Pensioner
Mr. Brian Stitzel, WTW	Mr. Stephen LePage, Pensioner
Ms. Brooke Nedza, Aetna	Mr. Tom Pledgie, Pensioner
Ms. Katherine Impellizzeri, Aetna	Ms. Helen Diskau, Pensioner
Mr. Walter Mateja, Merative	Ms. Joan Delfattore, Pensioner
Ms. Sandy Hart, Merative	Ms. Carole Mick, SBO, DHR - Recorder, State Employee Benefits Committee and Subcommittee
Ms. Charlene Hrivnak, CVS Health	

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

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CALLED TO ORDER – DEPUTY DIRECTOR HINKLE, SBO

Deputy Director Hinkle called the meeting to order at 10:00 a.m.

APPROVAL OF MINUTES – DEPUTY DIRECTOR HINKLE, SBO

A MOTION was made by Mr. Costantino and seconded by Mr. Scoglietti to approve the minutes from the Combined Subcommittee meeting on November 17th, 2022.

MOTION ADOPTED UNANIMOUSLY

DIRECTOR'S REPORT – DEPUTY DIRECTOR HINKLE, SBO

Deputy Director Hinkle provided the Subcommittee with the agenda items for Monday's SEBC meeting which includes a voting item to approve revisions to the Spousal Coordination of Benefit Policy effective January 1st, 2023. These revisions address the GHIP offering a Medicare Supplement plan for CY23.

FINANCIALS – MR. CHRIS GIOVANNELLO, WTW

October Fund Report

Mr. Giovannello highlighted notable budget items from the October Fund Report. Premium contributions aligned with budget at \$75M. The coverage gap discount payment of \$6.8M arrived a month earlier than projected. The payment projected to be received in November is \$6.9M. Claims in October were \$5.1M over budget and came in at \$86.4M. YTD the fund is \$34M over budget largely due to high claims experience. Net income showed a deficit of \$5.6M with a fund equity balance of \$117.9M through October.

Mr. Scoglietti asked if any state or non-state groups were in arrears on premiums. Ms. Hinkle stated that there are currently two participating groups that are two months in arrears on premiums and these groups are of medium size which would not significantly impact the premiums paid.

Mr. Oberle asked if a more in-depth discussion will occur on deferred care due to COVID, long-term COVID costs, and the future of COVID relief when the Subcommittee reconvenes in January. Mr. Giovannello stated that a closer look into these items will occur in January and an additional \$600K of COVID relief funds will hit the fund in November.

FY24 PLANNING – MR. CHRIS GIOVANNELLO & MS. JACLYN IGLESIAS, WTW

Benefits Modernization Initiative/Employee Preferences Survey

Mr. Giovannello reviewed the benefits modernization initiative that Subcommittee members have been discussing since June 2022 for active employees and non-Medicare retirees. The employee preferences survey has been restarted with a target distribution date of Q1 CY23. The SEBC will continue to provide further direction to the Subcommittees on areas of focus related to modernizing benefits and any recommendations would be brought to the SEBC in early 2023 for a phased-in approach starting in FY24.

Mr. Oberle asked if Subcommittee members will be able to provide input to the contents of the survey and if any state employees were involved with crafting the survey outside of the administration team. Ms. Hinkle stated that the SEBC will be reviewing the components of the survey and a work group which includes SBO, OPen, OST, DOF, OMB, and DHR is designing the survey. Mr. Oberle addressed concerns over lack of employee involvement with creating the survey and potentially the depreciation of benefits.

SEBC Update Around Subcommittee Areas of Focus

Mr. Giovannello provided an overview of planning consideration items for FY24 to include plan design and rate setting recommendations for voting by the SEBC in March 2023. The recommendation is for Subcommittees to focus on short-term initiatives for FY24 and then pursue long-term initiatives for FY25 or later. Mr. Giovannello

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summarized the short-term initiatives that the Subcommittee will continue to discuss today and in future meetings. Short-term initiatives include: PrudentRx, cell/gene therapies, plan design and drug formulary changes, plan design adjustments, and underwriting medical premiums separately for active employees and pre-65 retirees.

Mr. Oberle asked if there will be a specific plan for the pre-65 retirees in the marketplace. Mr. Giovannello stated that the pre-65 retirees currently have the same plan options as active employees, however, this population may see better health opportunities in the marketplace that is more aligned with their needs. Meaningful tax savings can also be found by using the marketplace with premium tax credits.

Mr. Oberle addressed concerns about the coverage offered by the marketplace compared to the state's coverage for the pre-65 retiree population. Mr. Giovannello commented that the current state plans are platinum level plans with an actuarial value of at least 90% and retirees would have access to these types of plans in the marketplace. Mr. Oberle asked if the State would offer this population assistance with choosing the appropriate plan for their needs. Mr. Giovannello stated that assistance would be provided to guide retirees in the marketplace.

WTW and Subcommittee members continued discussion on the pre-65 retiree population and underwriting medical plans separately by using the marketplace. WTW can compile information and provide analysis on the different plans available to retirees in the marketplace. SBO would assist with directing retirees to the marketplace where they will be guided to plans best suited for their needs.

Subcommittee members continued discussion on the employee benefits survey to address considerations ensuring that employees from all pay levels are included in the survey and what type of additional benefit questions are being asked in the survey. Ms. Hinkle commented that all benefit eligible employees will receive the survey which will be sent out on February 1st, 2023 and employees will have approximately two and half weeks to complete it. The survey will include employee and employer paid benefit offerings along with specific questions related to the health plans.

Mr. Oberle addressed concerns about the lack of discussion on controlling costs on the health care side and mentioned reference-based pricing as a potential option. Ms. Hinkle stated that reference-based pricing is a consideration under the long-term objectives for future discussion. The SEBC will be discussing the GHIP Strategic Framework in December to address the long-term initiatives being recommended.

PrudentRx

Ms. Iglesias addressed responses to some follow-up questions from Subcommittee members about the PrudentRx program, the Utah State Benchmark, and data from other states. The Subcommittee was asked to make a recommendation to the SEBC to implement PrudentRx effective July 1st, 2023 for non-Medicare health plans.

Mr. Oberle would like some clarity on why the demographics of Utah were being compared to Delaware for the PrudentRx program. Ms. Iglesias stated that the demographics were not relevant in this comparison, but rather the specialty drugs listed on the formulary. Choosing a state benchmark that has fewer drugs characterized as Essential Health Benefits (EHBs) on the state benchmark plan's formulary provides more opportunity to tap into manufacturer assistance programs for other specialty drugs that are not EHBs.

Ms. Hammon addressed concerns that PrudentRx would potentially create additional barriers for members to access specialty drugs and asked how members currently get specialty drugs. Members who are on a specialty drug today are required to use the CVS specialty pharmacy. PrudentRx would assist with enrolling/reenrolling members in manufacturer assistance programs. If member involvement is required to enroll/reenroll in a manufacturer assistance program, PrudentRx will conduct member outreach by written communication and telephone.

Mr. Scoglietti asked how members who are an inpatient in the hospital and currently taking a specialty medication receive them today and would this change under PrudentRx. Ms. Iglesias stated that these members would receive specialty medications under the medical plans and not the prescription plans, so PrudentRx would not affect members who are an inpatient in the hospital.

Subcommittee members continued a discussion surrounding the PrudentRx program and discussed additional questions. PrudentRx is a shared savings type program and would save the State Group Health Plan approximately \$6.6M. Specialty drugs make up half the total cost of all prescriptions in the plan. A specialty drug is determined by a combination of characteristics; however, price is a factor. Follow-up information can be provided regarding specialty drugs versus high-cost drugs. PrudentRx would be an add-on to the current CVS contract and would expire when the CVS contract expires. This program will have an opt-out option if the State chooses to discontinue use prior to the CVS contract expiration date. Cost savings to plan participants is estimated at \$358K for about 1,600 members.

A recommendation would need to be made no later than the January 2023 Subcommittee meeting to provide time for the SEBC to discuss. The SEBC would need to vote at the February 2023 meeting to implement this program with an effective date of July 1, 2023. A list of specialty drugs that are subject to the PrudentRx program will be provided to Subcommittee members.

Cell & Gene Therapies

Ms. Iglesias started the discussion on stem cell therapy for orthopedic and degenerative diseases and cell and gene therapy (CGT) for inherited or developed diseases. Stem cell therapy for treatment of orthopedic and degenerative diseases is regarded as experimental and has not been proven to decrease costs of orthopedic surgery. WTW has requested more modeling from the vendors regarding CGTs which will be provided at the January 2023 meeting.

Mr. Snyder shared his own experience with using stem cell therapy and stated that his experience varied from what was presented and did have success with avoiding surgery for a torn meniscus. Ms. Iglesias stated that stem cell therapy for treatment of orthopedic conditions includes various types of procedures and would like to conduct further research on the specific procedure that Mr. Snyder referenced.

Mr. Oberle asked if the CRISPR technology that is used for cancer treatments falls into the CGT category. Ms. Iglesias will provide a response at the next meeting.

Plan Design and Drug Formulary Changes

This topic was not discussed due to time constraints; however, this will be discussed at the next meeting in January.

OTHER BUSINESS

No other business.

PUBLIC COMMENT

Several state pensioners provided comment on the Subcommittee discussion from today's meeting, specifically on the pre-65 retiree population, the State's prescription drug plan, and PrudentRx. A State pensioner addressed concerns over the potential loss of benefits for the non-Medicare and Medicare retirees.

ADJOURNMENT

A MOTION was made by Ms. Hammon and seconded by Mr. Costantino to adjourn the public session at 11:58 a.m. MOTION ADOPTED UNANIMOUSLY.

Respectfully submitted,

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