

**MINUTES FROM THE MEETING OF THE FINANCIAL SUBCOMMITTEE
TO THE STATE EMPLOYEE BENEFITS COMMITTEE
JANUARY 17, 2023**

The Financial Subcommittee to the State Employee Benefits Committee (the “Committee”) met Tuesday, January 17, 2023 in a meeting. The meeting was held virtually and in-person at 97 Commerce Way, Suite 201, Dover, DE 19904.

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. 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)
The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer “OST”

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)
Ms. Jeanette Hammon, Sr. Fiscal and Policy Analyst, Office of Management & Budget (“OMB”) (Appointee OMB Director Cerron Cade)

Others in Attendance:

Deputy Director Leighann Hinkle, SBO, DHR	Mr. Walter Mateja, Merative
Ms. Samantha Mountz, SBO, DHR	Ms. Sandy Hart, Merative
Ms. Nina Figueroa, Health Policy Advisor, SBO, DHR	Ms. Laura Rowe, DSEA
Ms. Heather Johnson, Controller, DHR	Mr. Arthur Jenkins, DOL
Ms. Cherie Dodge Biron, Director, Financial & Administrative Services, DHR	Ms. Dana Dintenfass, DHSS
Mr. David Bentz, Deputy Director, DHSS	Ms. Christina Bryan, DHA
Mr. Chris Giovannello, WTW	Mr. Adam Rouse, T.RowePrice
Ms. Jaclyn Iglesias, WTW	Mr. Robert Clarkin, Pensioner
Mr. Brian Stitzel, WTW	Mr. Steve LePage, Pensioner
Mr. Varun Sivakumar, WTW	Mr. Tom Pledgie, Pensioner
Ms. Katherine Impellizzeri, Aetna	Ms. Helen Diskau, Pensioner
Ms. Leah White, Aetna	Ms. Carole Mick, SBO, DHR - Recorder, State Employee Benefits Committee and Subcommittee

CALLED TO ORDER – DEPUTY DIRECTOR HINKLE, SBO

Deputy Director Hinkle called the meeting to order at 10:02 a.m.

APPROVAL OF MINUTES – DEPUTY DIRECTOR HINKLE, SBO

A MOTION was made by Mr. Scoglietti and seconded by Ms. Anderson to approve the minutes from the Combined Subcommittee meeting on December 15th, 2022.

MOTION ADOPTED UNANIMOUSLY.

DIRECTOR’S REPORT – DEPUTY DIRECTOR HINKLE, SBO

SEBC & Legislative Updates

Deputy Director Hinkle provided a timeline for the benefits modernization survey with communications starting in early January and survey test dates are from January 19th to 24th. Committee members received notification from Director Rentz to designate a tester for the survey test. Survey dates for benefit eligible employees are February 1st to 17th.

Senate Bill (SB) 29 was introduced on January 12, 2023 and proposes to add 1 retiree and 1 additional union member as voting SEBC members. This SB also proposes that the CGO submit comprehensive bi-annual reporting to the General Assembly (GA) by May 30th and November 30th, proposes to establish a Retiree Healthcare Benefits Advisory Subcommittee, and that the Retiree Subcommittee submits findings and recommendations with regards to the FY24 budget to the GA by May 1, 2023. Mr. Scoglietti stated that this bill will be heard in the Senate Executive Committee on January 18th at 3:00 p.m.

Deputy Director Hinkle provided Subcommittee members with the agenda items for the Health Policy & Planning Subcommittee and the SEBC meetings.

FINANCIALS – MR. CHRIS GIOVANNELLO, WTW

November Fund Report

Premium contributions slightly under budget at \$75M with a \$1.2M variance. November was a rebate month with Commercial rebates higher than expected at around \$19.9M and EGWP rebates at around \$12.9M. Other Revenues is at \$422K mainly from performance guarantees. Claims were slightly high at \$810K over budget with total claims at around \$92M. COVID relief funds of around \$700K were received. Net income was \$14.6M with is \$4.7M under budget. The Fund Equity balance is \$132.5M and is \$38.9M below budget.

Ms. Anderson asked if the GHIP will receive any more COVID reimbursement funds. Ms. Rentz stated that the COVID reimbursement that hit the fund in November came from previously allocated funds from the CARES Act and the GHIP is not expecting any additional COVID funds.

Mr. Scoglietti asked about the increase in Commercial rebates to budget and if we can start to expect a higher rebate in the future. Mr. Giovannello stated that additional rebate payments are needed to determine whether we can expect a higher payment or if this was a one-time occurrence. Also, the commercial rebate received is attributable to Q1, where pharmacy claims ran over budget; it’s not surprising that the rebate came in higher than budget given claims were higher than budget. The next rebate payment is expected in February.

Cost Utilization and Analysis

Mr. Giovannello provided an analysis of cost and utilization trends for professional services, service category groups, leading clinical conditions, mental health visits, high-cost claimants (HCCs), Emergency Room (ER), and plan migration. Data presented at today’s meeting is preliminary data and further discussion and analysis will occur in future meetings.

A breakdown of professional services claims showed significant increases in the allowed amount per service for outpatient (OP) injections, transportation, and OP procedures. Inpatient facility visits increased 41% with allowed amounts increasing 8%. OP ER visits allowed amount per service decreased 8% with utilization increasing 131%. Per member per year (PMPY) trends for each category groups were displayed.

Mr. Scoglietti asked what professional service category group urgent care would fall under. Mr. Mateja stated that urgent care visits would fall under OP office visits.

Director Rentz asked if the professional service category groups includes emergent visits under the OP ER category and if a breakdown of reasons for OP ER visits can be provided. Mr. Giovannello stated that ER utilization will be discussed later in the slide deck. Mr. Mateja commented that the OP ER category does not include admission visits.

Mr. Giovannello discussed service category groups that are driving trends based on paid claims. Overall allowed PMPY increased 9.1% with medical trend increasing 9.4% PMPY and pharmacy trend increasing 7.2% PMPY.

Director Rentz would like to further isolate laboratory OP to determine how much is attributed to COVID testing. Mr. Giovannello stated that on the microbiology side, utilization was up 19% and cost is up 40%. More COVID tests are being administered at a higher cost and has a large impact on OP laboratory costs.

Mr. Giovannello provided a follow-up for Subcommittee members on leading clinical conditions relative to benchmarks. The State GHIP population has significantly higher percentages compared to the MarketScan State Government benchmarks.

Ms. Anderson stated that the MarketScan is national and if a regional breakdown can be provided on leading clinical conditions. Mr. Mateja commented that a regional breakdown can be provided. Director Rentz stated that perhaps Delaware Health Information Network (DHIN) data can be leveraged to get more local comparative benchmark data. Director Rentz asked if pre-COVID data from 2019 could be provided to determine how these percentages have changed. Mr. Mateja will provide as a follow-up.

Mr. Giovannello provided data on mental health visits and net per member per month (PMPM) for HCCs. Mental health PMPY amounts increased 51% for outpatient visits, 33% for diagnostic services and 33% for behavioral health therapy from December 2020 to November 2022, driven primarily by increases in utilization, and net PMPM total payments for HCCs increased 33% from FY16 to FY22. PMPY payments for HCCs were up 37% in FY22 compared to pre-pandemic levels in FY19.

Mr. Giovannello reviewed data on visits to the ER, urgent care, and primary care for non-emergent/primary care treatable conditions only. ER utilization for non-emergent conditions was consistently 6% of total visits and could have saved the GHIP \$13.4M in FY22 if these visits were steered to urgent care facilities.

Mr. Costantino arrived to the meeting.

Mr. Giovannello displayed the top 5 non-emergent diagnoses in the ER and compared them to urgent care costs. Potential cost avoidance if these ER visits were performed at an urgent care facility would be approximately \$6.2M.

Mr. Giovannello discussed a breakdown of the current health plans offered to active employees and pre-65 retirees by actuarial value, FY22 net per employee per year (PEPY) cost, enrollment changes from FY22 to FY23, enrollment percent changes and cost impact. The Comprehensive PPO plan had a 1.4% enrollment increase and a cost increase to the GHIP of \$4.4M. The HMO plan has the highest cost PEPY but had a 3.2% decrease in enrollments and a decrease in cost to the GHIP of \$3.4M. Total cost impact for FY23 had an increase of \$1.3M based on plan election alone. Mr. Giovannello explained that creating a broader spread in plan value and setting budget rates closer to plan actuarial values can help reduce GHIP expenses.

Mr. Costantino asked if there is any segmentation data on these groups to determine what is driving members to the Comprehensive PPO and HMO plans. Mr. Giovannello stated that there is data isolating the demographics that can be shared with Subcommittee members. The demographics do show that the younger and healthier

population choose the lower premium plans with deductibles and as the population ages the no deductible plans become more attractive. A discussion continued regarding plan actuarial values and setting budget rates.

Ms. Anderson stated that to restructure the plan offerings you would also have to restructure the contribution and valuation of the plans and plan premiums. Mr. Giovannello confirmed this statement. Ms. Anderson would like to see a side-by-side comparison of the growth and net FY22 PEPY.

Mr. Costantino commented that the HMO plan costs the GHIP the most PEPY but is not the costliest overall since it has low enrollment numbers. If the SEBC removes this plan altogether, it would save the state money. Mr. Giovannello stated that if all HMO members went to the Comprehensive PPO plan, then the GHIP would receive more employee contributions on a net basis. Discussion continued surrounding the employee contributions on the Comprehensive PPO and HMO plans.

OTHER BUSINESS

No other business.

PUBLIC COMMENT

No public comment.

ADJOURNMENT

A MOTION was made by Mr. Scoglietti and seconded by Mr. Costantino to adjourn the public session at 11:16 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