

**MINUTES FROM THE MEETING OF THE FINANCIAL SUBCOMMITTEE
TO THE STATE EMPLOYEE BENEFITS COMMITTEE
AUGUST 14, 2023**

The Financial Subcommittee to the State Employee Benefits Committee (the “Committee”) met at 10:00 a.m. on Monday, August 14, 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
Robert Scoglietti, Deputy Controller General, Office of the Controller General (“OCG”) (Appointee of Controller General Ruth Ann Jones)
Laura Rowe, Delaware State Education Association (Appointee of Thomas Brackin, Executive Director, DSTA)
Jeanette Hammon, Sr. Fiscal and Policy Analyst, Office of Management & Budget (“OMB”) (Appointee OMB Director Cerron Cade)
Steven Costantino, Director Health Care Reform, Dept. of Health and Social Services (“DHSS”) (Appointee of Secretary Molly Magarik)
Laurie Ann Atienza, American Federation of State, County, and Municipal Employees “AFSCME” (Appointee of Shaun O’Brien, Policy Director, AFSCME)

Subcommittee Members Not Represented or in Attendance:

Keith Warren, Chief of Staff, Office of the Lt. Governor (Appointee of Lt. Governor Bethany Hall-Long)
Stuart Snyder, Chief of Staff, Department of Insurance (“DOI”) (Appointee of Commissioner Trinidad Navarro)
Ashley Tucker, Deputy State Court Administrator, Administrative Office of the Courts, (Appointee of The Hon. Collins Seitz, Chief Justice, Delaware Supreme Court)
Matthew Rosen, Senior Policy Advisor, Office of the State Treasurer “OST” (Appointee of The Honorable Colleen Davis, State Treasurer)

Others in Attendance:

Deputy Director Leighann Hinkle, SBO, DHR
Nina Figueroa, Health Policy Advisor, SBO, DHR
Samantha Mountz, SBO, DHR
Marie Hartigan, SBO, DHR
Cherie Dodge Biron, Director, Financial & Administrative Services, DHR
Heather Johnson, DHR
Chris Giovannello, Willis Towers Watson “WTW”
Michelle Gast, WTW
Jaclyn Iglesias, WTW
Kant Khatri, WTW
Vichakarn Rattanasangpunth, WTW

Evelyn Nestlerode, AOC
Julie Caynor, Aetna
Paula Roy, Roy & Associates
Louisa Phillips, DHA
Marian Coker
Steve LePage
Lynda Hastings
Bria Greenlee
Bob Clarkin
Carole Mick, SBO, DHR - Recorder, State Employee Benefits Committee and Subcommittee

CALLED TO ORDER – DIRECTOR FAITH RENTZ, SBO

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

DIRECTOR'S REPORT – DIRECTOR FAITH RENTZ, SBO

Director Rentz provided Subcommittee members with agenda items for today's Health Policy & Planning Subcommittee Meeting. Subcommittee members should provide any additional input on the trend discussion as the SEBC will vote on the medical and Rx trends at the August 21, 2023 meeting. Additional agenda items for the August 21 SEBC meeting were reviewed.

Subcommittee members from the Retiree Healthcare Benefits Advisory Subcommittee provided a recommendation to grandfather retirees through December 31, 2024 and to continue offering a Medigap supplement plan with no changes to what is currently being offered and with the same cost sharing.

The Statewide Benefits Office will be relocating on Tuesday, August 22, 2023 to the Silver Lake Campus. Committee and Subcommittee physical meeting locations will vary for future meetings and a virtual meeting option will still be available.

APPROVAL OF MINUTES – DIRECTOR FAITH RENTZ, SBO

A MOTION was made by Laura Rowe and seconded Robert Scoglietti by to approve the minutes from the Combined Financial/Health Policy & Planning Subcommittee meeting on July 17, 2023.

MOTION ADOPTED UNANIMOUSLY.

Jeannette Hammond arrived to the meeting.

FINANCIALS – CHRIS GIOVANNELLO, WTW

June 2023 Fund Report

Chris Giovannello detailed the June 2023 fund report including premium contributions, other revenues, claims, and the updated fund equity balance. Premium contributions came in slightly above budget at \$76.5M. Several adjustments were made to the FY24 budget to better align with when premium contributions hit the fund. The coverage gap discount payment was \$5M. Claims ran \$2.3M below budget with a year-to-date total of about \$37M (3.4%) above budget. Net income for June showed a deficit of \$16.8M with a fund equity balance of \$58.8M. The year-to-date deficit totals \$26.5M.

FY23 Q4 Financials

Chris Giovannello reviewed the FY23 Q3 cost analysis for medical and prescription plans which reflects the percent of change from FY22 YTD to FY23 YTD. This is an incurred report based off vendor reported claims which may not always align with the timing of payments to the fund. The percentage of change from FY22 to FY23 was displayed which showed increases in gross claims, program costs, premium contributions, and employee costs.

The FY23 revised budget was compared to the FY23 actual program costs with slight changes noted. Summary plan information by healthcare vendor and plan participant group displayed the differences in cost by population. The financial reporting presentation included additional details on cost and revenue items by population.

FY24 GHIP Projections

Chris Giovannello presented the updated GHIP long-term health care cost projections based on experience through June 2023 and included the projected deficit scenarios for FY23 through FY28 based on various premium rate increase scenarios for actives and pre-65 retirees. Additionally, the GHIP long-term health care cost projections through June 2023 with increased recommended trend assumptions was reviewed with the same data points. FY25 premium contributions were outlined for all scenarios.

GHIP Trend Discussion

Chris Giovannello displayed the previously reviewed GHIP trend development document and highlighted key points for Subcommittee members.

SEBC FY24 Budget

Chris Giovannello reviewed the FY24 budget with the current trend assumptions and the recommended trend assumptions which detailed estimated operating revenues and expenses for the year.

GROUP HEALTH INSURANCE PLAN KEY TRENDS REPORT – CHIRS GIOVANNELLO, WTW

Chris Giovannello reviewed the key trends report for active employees and early retirees on paid claims through June 2023. The executive summary continues to show increases in inpatient medical, outpatient medical, and pharmacy payments with overall trend increasing by 10.8%.

SEBC DASHBOARD - CHIRS GIOVANNELLO, WTW

Chris Giovannello presented the SEBC dashboard which pulled data from the key trends report to analyze trends in cost and utilization of healthcare. The dashboard displays trends on active employees and early retirees based on utilization and unit cost from the most recent 12 months through June 2023 compared to the previous 12 months through June 2022.

OTHER BUSINESS

No other business.

PUBLIC COMMENT

No public comment.

ADJOURNMENT

A MOTION was made by Robert Scoglietti and seconded by Laura Rowe to adjourn the public session at 11:30 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