



**MINUTES FROM THE MEETING OF THE FINANCIAL SUBCOMMITTEE
TO THE STATE EMPLOYEE BENEFITS COMMITTEE
NOVEMBER 13, 2023**

The Financial Subcommittee to the State Employee Benefits Committee (the “Committee”) met at 10:00 a.m. on Monday, November 13, 2023 in a meeting. The meeting was held virtually and in-person at 841 Silver Lake Blvd., Suite 101, Dover, DE 19904.

Subcommittee Members Represented or in Attendance:

Director Faith Rentz, Statewide Benefits Office (“SBO”), Department of Human Resources (“DHR”) (Appointee of DHR Secretary Claire DeMatteis), Chair
Robert Scoglietti, Deputy Controller General, Office of the Controller General (“OCG”) (Appointee of Controller General Ruth Ann Miller)
Laura Rowe, Delaware State Education Association (Appointee of Thomas Brackin, Executive Director, DSTA)
Stuart Snyder, Chief of Staff, Department of Insurance (“DOI”) (Appointee of the Honorable Trinidad Navarro, Insurance Commissioner, DOI)
Ashley Tucker, Deputy State Court Administrator, Administrative Office of the Courts, (Appointee of The Honorable 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)

Subcommittee Members Not Represented or in Attendance:

Keith Warren, Chief of Staff, Office of the Lt. Governor (Appointee of Lt. Governor Bethany Hall-Long)
Steven Costantino, Director Health Care Reform, Dept. of Health and Social Services (“DHSS”) (Appointee of DHSS Secretary Josette Manning)
Jeanette Hammon, Sr. Fiscal and Policy Analyst, Office of Management & Budget (“OMB”) (Appointee of OMB Director Cerron Cade)
Laurie Ann Atienza, American Federation of State, County, and Municipal Employees (“AFSCME”) (Appointee of Shaun O’Brien, Policy Director, AFSCME)

Others in Attendance:

Deputy Director Leighann Hinkle, SBO, DHR
Nina Figueroa, Health Policy Advisor, SBO, DHR
Samantha Mountz, SBO, DHR
Cherie Dodge Biron, Director, Financial & Administrative Services, DHR
Heather Johnson, DHR
Jaclyn Iglesias, Willis Towers Watson “WTW”
Brian Stitzel, WTW
Jen Manieri, WTW
Walt Mateja, Merative
David Bentz, Deputy Director, DMS, DHSS

Katherine Impellizzeri, Aetna
Randall Bryniarski, CVS Health
Charlene Hrivnak, CVS Health
Paula Roy, Roy & Associates
Bria Greenlee, 302 Strategies
Christina Bryan, DHA
Melissa Marlin, DOF
Steve LePage
Nancy Alteri
Carole Mick, SBO, DHR - Recorder, State Employee Benefits Committee and Subcommittee

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

CALLED TO ORDER – DIRECTOR FAITH RENTZ, SBO

Director Rentz called the meeting to order at 10:00 a.m. Quorum not met.

DIRECTOR'S REPORT – DIRECTOR FAITH RENTZ, SBO

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

FINANCIALS – BRIAN STITZEL & JEN MANIERI, WTWAugust 2023 Fund Report

Brian Stitzel reviewed the executive summary for the August Fund Report and noted that August was over budget with premium contributions coming in low and other revenues, claims, and expenses exceeding the projected budget. The fund equity balance is now expected to be negative by the end of FY24.

Robert Scoglietti arrived to the meeting. Quorum met.

September 2023 Fund Report

Brian Stitzel detailed the September Fund Report and reported that September came in under budget with premium contributions and other revenues aligning with budget, claims below budget, and expenses above budget. Prescription drug and SurgeryPlus claims continue to run higher than budget. PrudentRx fees are higher than budgeted, however, the fund is seeing savings on claims but higher expenses from CVS.

Group Health Insurance Plan Key Trends Report – Jen Manieri, WTW

Jen Manieri reviewed the key trends report for active employees and early retirees on paid claims through September 2023. The executive summary continues to show increases in inpatient medical, outpatient medical, and pharmacy payments with overall trend increasing by 9%.

SEBC Dashboard – Jen Manieri, WTW

Jen Manieri 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 September 2023 compared to the previous 12 months through September 2022. Outpatient price and utilization have increased while the average length for inpatient stay has decreased. Specialty pharmacy spend has seen an increase in utilization, however, the price remains flat.

Matthew Rosen arrived to the meeting.

FY24 Q1 Financial Reporting

Brian Stitzel reviewed the FY24 Q1 cost analysis for medical and prescription plans which reflects the percent of change from FY23 YTD to FY24 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 FY23 to FY24 was displayed and which showed increases in gross claims, program costs, premium contributions, and employee costs. Currently, all groups are rated into one pool, however, individually each group is at 100% or over 100% loss ratio primarily due to increases in prescription drugs. Significant increases in utilization compared to benchmarks are occurring in all groups.

FY25 GHIP Projections

Brian Stitzel detailed the updated GHIP long-term health care cost projections based on experience through October 2023 and included the projected deficit scenarios for FY23 through FY28 based on holding the rates flat. Various premium rate increase scenarios for all GHIP groups to solve for a \$0 deficit were reviewed. FY25 premium contributions were outlined for all scenarios.

A Subcommittee member questioned if the GHIP can operate on a \$0 margin and whether the SEBC should be

targeting for a slight balance that allows for a cash flow to pay bills. Brian Stitzel stated that solving for a \$0 deficit would be after reserves, so for example, if a 27.1% premium rate increase was implemented, then by the end of FY25 the fund would still have around \$108M in reserves. Faith Rentz explained that a discussion has started to reevaluate the methodology and assumptions regarding the reserve minimums and whether some changes are needed based on what is going on currently in the marketplace.

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 Financial Subcommittee meeting on September 18, 2023.

MOTION ADOPTED UNANIMOUSLY.

GHIP STRATEGIC FRAMEWORK UPDATES AND RECOMMENDATIONS – JACLYN IGLESIAS, WTW

Jaclyn Iglesias conducted an overview of the GHIP Strategic Framework goals and guiding principles and provided a timeline for any changes to be discussed and adopted by the SEBC. The four main goals of the Strategic Framework were detailed which included the revised text of each goal. Subcommittee members were asked to review changes to these goals and provide feedback to SEBC members. The SEBC will be asked to vote on the updated goals at the December meeting.

A Subcommittee member commented about goal one (Using the Advanced Payment Model Framework and FY23 medical spend as a baseline and increase GHIP spend through advanced APMs with category 3 at 50% and category 4 at 5%) and asked if the category 4 proposed target was aggressive as the FY22 results reported only 1% in category 4. Jaclyn Iglesias concurred with the observation; however, responded that as the category 4 target currently is 10%, the proposed target would be a reduction and the SEBC should remain aggressive towards APMs.

A Subcommittee member noted that the Mission Statement includes language on healthy lifestyles and stated that these goals do not address anything on healthy lifestyles. A suggestion was made to have the SEBC look at lifestyles and address the prevalence of chronic conditions. Jaclyn Iglesias stated that there are components within these goals that address healthy lifestyles. Brian Stitzel mentioned that additional components can be added to incorporate healthy lifestyles and the Subcommittee can spend more time focusing on areas that are driving costs and utilization. Director Rentz informed Subcommittee members that the Statewide Benefits Office has received approval for an additional position to support the health benefit programs specifically for chronic conditions.

OTHER BUSINESS

No other business.

PUBLIC COMMENT

No public comment.

ADJOURNMENT

A MOTION was made by Laura Rowe and seconded by Stuart Snyder to adjourn the public session at 11:26 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