

**MINUTES FROM THE MEETING OF THE FINANCIAL SUBCOMMITTEE  
TO THE STATE EMPLOYEE BENEFITS COMMITTEE  
DECEMBER 11, 2023**

The Financial Subcommittee to the State Employee Benefits Committee (the “Committee”) met at 10:00 a.m. on Monday, December 11, 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)  
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)  
Russell Larson, State Retiree (Appointee of Karen Field Rogers, State Retiree)

*Subcommittee Members Not Represented or in Attendance:*

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

*Others in Attendance:*

Deputy Director Leighann Hinkle, SBO, DHR	Michelle Carpenter, HRIS Manager, PHRST, OMB
Nina Figueroa, Health Policy Advisor, SBO, DHR	Katherine Impellizzeri, Aetna
Stephanie Hartos, SEBC/Subcommittee Manager, SBO, DHR	Julie Caynor, Aetna
Cherie Dodge Biron, Director, Financial & Administrative Services, DHR	Sara Dunlevy, CVS Health
Jaclyn Iglesias, Willis Towers Watson “WTW”	Victor Gutierrez, CVS Health
Brian Stitzel, WTW	Charlene Hrivnak, CVS Health
Jen Manieri, WTW	Paula Roy, Roy & Associates
Michelle Gast, WTW	Bria Greenlee, 302 Strategies
Kant Khatri, WTW	Louisa Phillips, DHA
Walt Mateja, Merative	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 10:00 a.m.

**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 November 13, 2023.

Abstentions – Steven Costantino

MOTION ADOPTED UNANIMOUSLY.

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

Director Rentz introduced Russell Larson as the new Subcommittee member for both the Financial and Health Policy & Planning Subcommittees as the State Retiree representative and Stephanie Hartos as the SEBC and SEBC Subcommittee Manager.

Director Rentz highlighted agenda items from the November SEBC and the Retiree Healthcare Benefits Advisory Subcommittee meetings and did indicate that the SEBC did approve the changes to the GHIP Eligibility and Enrollment Rules effective January 1, 2024. An overview of Agenda items was provided for this afternoon's Health Policy & Planning Subcommittee meeting and upcoming meetings for the month of December.

Upcoming SEBC and SEBC Subcommittee meetings will be held in the new SEBC Conference Room at the Department of Human Resources, located at 841 Silver Lake Blvd., Suite 200, Dover, DE 19904. These meetings will continue to have a virtual platform as well.

**FINANCIALS – BRIAN STITZEL & JEN MANIERI, WTW**October 2023 Fund Report

Brian Stitzel reviewed the executive summary for the October Fund Report and noted that the fund continues to surpass previous budget projections. Premium contributions are coming in below budget while claims and expenses are exceeding the projected budget. Other revenues were better than budget due to the EGWP Coverage Gap Discount coming in higher than expected and an increase in rebates for pharmaceutical drugs. The fund equity balance is now expected to be negative by the end of April 2024.

*Jeannette Hammon arrived to the meeting.*

FY24 Monthly Budget and Fund Surplus/Deficit

Brian Stitzel presented the FY24 budget versus the FY24 re-forecasted budget based on FY24 actuals from July 2023 through October 2023. A revised forecast of the fund and depletion timeframe with updated end-of-year projections were noted as well.

Health Fund Reserve Calculation Methodology

Brian Stitzel detailed the calculation methodology for the GHIP reserve which calculates incurred but not paid (IBNP) medical and/or prescription drug claims during the current and prior reporting periods. The claim liability has historically been based on vendor reports from Highmark and Aetna, which does not reflect revenue components that are lagged. The current reserve calculation methodology is under review and any update would include delayed revenue into the GHIP fund. A minimum reserve is also calculated to ensure that the fund has enough revenue to cover unexpected costs. A breakdown of lagged revenue payments, which includes pharmacy rebates and EGWP revenues with approximate lag time, was presented.

*Matthew Rosen arrived to the meeting.*

**SEBC DASHBOARD – JEN MANIERI, WTW**

Jen Manieri presented the SEBC dashboard which pulls 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 October 2023, compared to the previous 12 months through October 2022. The allowed amount per member per year has increased which was primarily driven by utilization of prescription drugs and outpatient facilities. Inpatient medical per member per year decreased, mainly due to a reduction in the average length of inpatient stay. Outpatient price and utilization continue to increase. Jen Manieri reviewed the three main prescription drugs that are driving the Specialty pharmacy spend.

Subcommittee members will be provided information on specialty pharmacy utilization at an upcoming meeting.

#### **SITE OF CARE UTILIZATION ANALYSIS – JEN MANIERI, WTW**

Jen Manieri summarized the site of care utilization report which outlines trends in outpatient cost and utilization with a focus on differences between various sites of care for similar types of services. An executive summary was presented that details increasing outpatient cost and utilization for surgeries, emergency room usage for non-emergent conditions, telemedicine and primary care provider visits for anxiety and depression, and high-tech radiology usage. Specialty pharmacy spend has also shown significant increases.

Subcommittee members discussed the increase in cost and utilization trends, especially hospital costs, and asked for data on the cost disparity between hospitals versus outpatient surgery centers and data on facility fees. It was discussed if there are any situations when a surgery center would not be appropriate for certain patients. Walt Mateja commented that there would need to be substantial data from the hospital and surgery center to provide a comparison. Follow-up information related to telemedicine services will be provided at a future meeting regarding usage of telehealth services with out of state providers.

Jen Manieri displayed the current copay differentials for the GHIP PPO and HMO plans that included variable copays for the same type of service depending on where the service is provided. Cost saving opportunities for FY25 related to incremental increases in copays for hospital outpatient surgery and high-tech imaging were presented. Jaclyn Iglesias added that the most success that has been seen for site of care steerage has occurred within the first plan year following copay increases.

Subcommittee members had a discussion on copay increases to steer members to preferred sites of care. There was little support to raise copays as a means to encourage members to appropriate sites of care and noted that this approach was not sustainable. It was noted that the Statewide Benefits Office can increase communication and consistency around appropriate sites of care to eligible plan members. A Subcommittee member mentioned that insurers should negotiate with hospitals to lower prices.

A few Subcommittee members voiced to keep these opportunities on the table for now, considering the potentially large rate increase that is to be expected for FY25. Any recommendations on plan design changes would be sent to the SEBC for consideration and approval no later than March for the FY25 plan year.

A discussion continued with Subcommittee members related to site of care steerage and potential opportunities.

#### **OTHER BUSINESS**

No other business.

#### **PUBLIC COMMENT**

No public comment.

#### **ADJOURNMENT**

A MOTION was made by Russell Larson and seconded by Robert Scoglietti to adjourn the public session at 11:47 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