



**MINUTES FROM THE MEETING OF THE FINANCIAL SUBCOMMITTEE
TO THE STATE EMPLOYEE BENEFITS COMMITTEE
JANUARY 22, 2024**

The Financial Subcommittee to the State Employee Benefits Committee (the “Committee”) met at 10:00 a.m. on Monday, January 22, 2024 in a meeting. The meeting was held virtually and in-person at 841 Silver Lake Blvd., Suite 200, 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)
- 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)
- Matthew Rosen, Senior Policy Advisor, Office of the State Treasurer “OST” (Appointee of The Honorable Colleen Davis, State Treasurer)

Others in Attendance:

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| Deputy Director Leighann Hinkle, SBO, DHR | Julie Caynor, Aetna |
| Nina Figueroa, Health Policy Advisor, SBO, DHR | Sara Dunlevy, CVS Health |
| Desiree, Klein, SBO, DHR | Randall Bryniarski, CVS Health |
| Stephanie Hartos, SEBC/Subcommittee Manager, SBO, DHR | Charlene Hrivnak, CVS Health |
| Cherie Dodge Biron, Director, Financial & Administrative Services, DHR | Paula Roy, Roy & Associates |
| Heather Johnson, DHR | Bria Greenlee, 302 Strategies |
| Jaclyn Iglesias, Willis Towers Watson “WTW” | Louisa Phillips, DHA |
| Brian Stitzel, WTW | LeVar Johnson, Novo Nordisk |
| Jen Manieri, WTW | Bob Clarkin |
| Michelle Gast, WTW | Steve LePage |
| Walt Mateja, Merative | Tom Pledgie |
| | 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.

APPROVAL OF MINUTES – DIRECTOR FAITH RENTZ, SBO

A MOTION was made by Robert Scoglietti and seconded by Laura Rowe to approve the minutes from the Financial Subcommittee meeting on December 11, 2023.

MOTION ADOPTED UNANIMOUSLY.

DIRECTOR’S REPORT – DIRECTOR FAITH RENTZ, SBO

Director Rentz confirmed that the updated Group Health Insurance Plan (GHIP) Eligibility and Enrollment Rules were submitted and accepted by the Registrar of Regulations. Changes largely surround the elimination of the 90-day State Share waiting period pursuant to HB185. SBO has sent communications of these revisions to GHIP organizations, and an updated copy has been posted to the SEBC website.

The Health Policy and Planning Subcommittee will begin work on changes to the Disability Insurance Program (DIP) Rules and Regulations with an effective date of July 1, 2024.

The SBO is currently monitoring several bills that have been filed that would impact the GHIP. Little movement on these bills is expected over the next few weeks as the Legislature will be breaking for the Joint Finance Committee budget hearings.

Director Rentz highlighted agenda items for the upcoming Health Policy and Planning Subcommittee, SEBC, and Executive Session meetings. Any health plan benefit changes for FY25 will be voted on by the Committee no later than the end of March to prepare for Open Enrollment (OE). The Committee has two meetings scheduled for the month of March on March 11, 2024 and March 25, 2024.

FINANCIALS – BRIAN STITZEL, WTW

November and December 2023 Fund Report

Brian Stitzel reviewed the executive summary for the November and December Fund Reports. The fund continues to surpass previous budget projections primarily due to significant increases in medical, prescription, and SurgeryPlus claims. As expenses continue to run significantly higher than originally projected, the fund equity balance could potentially go negative by the end of January.

FY24 Monthly Budget and Fund Surplus/Deficit

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

It was mentioned that the fund can go negative during the fiscal year, however, any negative balance will need to be resolved through a fund transfer before the fiscal year closeout.

Brian Stitzel reviewed estimated and actual premium contributions from July 2023 through December 2023 for Highmark and Aetna. Premium contributions are projected to be slightly lower than budgeted for FY24. Other revenues, such as commercial rebates and the coverage gap discount, came in slightly higher than anticipated. The Employer Group Waiver Plan (EGWP) year-end reconciliation payment that is expected in January 2024 was finalized by Centers for Medicare & Medicaid Services (CMS) but will be significantly less than projected.

Brian Stitzel discussed the increases in commercial pharmacy claims for non-specialty and specialty medications, PrudentRx savings, GHIP expenses, and plan member enrollments.

Updated Forecast and Rate Scenarios

Brian Stitzel detailed the GHIP long-term health care cost projections based on experience through December 2023 which included the FY23 actual budget and the projected budgets for FY24 through FY28 based on variable premium rate increases over these fiscal years. New premium rates, which will be voted on by the SEBC in March 2024, will become effective for active employees and non-Medicare retirees on July 1, 2024 and Medicare retirees on January 1, 2025. The GHIP fund is expected to be negative by the end of FY24. A negative balance must be corrected through a transfer of funds which would be determined and initiated by the Office of Management and Budget. FY25 premium contribution scenarios were outlined for all groups.

A Subcommittee member questioned where the cash infusion would be coming from for the GHIP Fund. Director Rentz stated that there are not any specific details on where the funding might be coming from but will follow-up with OMB for potential discussion at next week's SEBC meeting.

Plan Values and Employee Contributions

Brian Stitzel reviewed the actuarial values of the four healthcare plan options for active employees and pre-Medicare retirees. The four healthcare plans are all considered rich in benefits with high actuarial values and little difference in benefits. These four non-Medicare plans are currently misaligned based on the plan design value and premium equivalent rates. Several options that could address the misalignment were presented - realigning the actuarial values, equalizing the state subsidy, or changing the plan actuarial values.

Subcommittee members had a discussion on the various options presented and supported further discussion on this topic.

FY25 Ratings by Group

Brian Stitzel presented data on the required premium of each health plan if the GHIP groups (active employees, non-Medicare retirees and Medicare retirees) were rated separately. Rating the plans by group was a recommendation made by the Retiree Healthcare Benefits Advisory Subcommittee. This topic has been reviewed in the past and was not favored by Subcommittee members. Rating groups separately would have no impact on the percentage of premium paid by the employee/retiree; however, premium rates would be based on the claims experience of each group. The impact to the premium rates if set by each group's experience were reviewed and discussed.

SEBC DASHBOARD

Agenda item was not discussed due to time constraints.

GLP-1 DRUG AND BARIATRIC SURGERY UTILIZATION – JEN MANIERI, WTWGLP-1 Drug and Bariatric Surgery Cost/Utilization Update

Jen Manieri detailed the GLP-1 drug usage and costs by month, Bariatric surgery utilization through SurgeryPlus, and employer options to address GLP-1 drugs. GLP-1 usage and Bariatric surgeries through SurgeryPlus have shown significant increases since the start of the FY24 plan year.

Other States Experiences and Solutions

Stephanie Hartos presented cost and utilization solutions from other states (Connecticut and Tennessee). Both states have experienced similar issues with GLP-1 drug utilization and have implemented certain measures to manage the utilization and cost of these drugs.

OTHER BUSINESS

No other business.

PUBLIC COMMENT

A member of the public provided comment on Agenda items discussed at today's meeting and also noted difficulty accessing the virtual meeting link.

ADJOURNMENT

A MOTION was made by Jeannette Hammon and seconded by Steven Costantino to adjourn the public session at 12:00 p.m. MOTION ADOPTED UNANIMOUSLY.

Respectfully submitted,

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