

**MINUTES FROM THE MEETING OF THE FINANCIAL SUBCOMMITTEE
TO THE STATE EMPLOYEE BENEFITS COMMITTEE
MAY 20, 2024**

The Financial Subcommittee to the State Employee Benefits Committee (the “Committee”) met at 10:00 a.m. on Monday, May 20, 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
Treasurer Colleen Davis, State Treasurer, Office of the State Treasurer (Designee Matthew Rosen, Senior Policy Advisor, OST)
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)
Ashley Tucker, Deputy State Court Administrator, Administrative Office of the Courts, (Appointee of Chief Justice Collins Seitz, 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)
Shaun O’Brien, Policy Director, American Federation of State, County, and Municipal Employees (“AFSCME”) (SEBC member attending for Appointee Laurie Ann Atienza, AFSCME)
Stuart Snyder, Chief of Staff, Department of Insurance (“DOI”) (Appointee of Commissioner Trinidad Navarro, Insurance Commissioner, DOI)

Subcommittee Members Not Represented or in Attendance:

Keith Warren, Chief of Staff, Office of the Lt. Governor (Appointee of Lt. Governor Bethany Hall-Long)
Vacant, State Retiree (Appointee of Karen Field Rogers, State Retiree)

Others in Attendance:

Deputy Director Leighann Hinkle, SBO, DHR
Stephanie Hartos, SEBC and SEBC Subcommittee
Manager, SBO, DHR
Susan Meadows-Arnold, Health Benefit Programs
Coordinator, SBO, DHR
Cherie Dodge Biron, Director, Financial &
Administrative Services, DHR
Jaclyn Iglesias, Willis Towers Watson “WTW”
Brian Stitzel, WTW
Jen Manieri, WTW
Michelle Gast, WTW
Jenn Smith, WTW
Walt Mateja, Merative

Julie Caynor, Aetna
Charlene Hrivnak, CVS Health
Randall Bryniarski, CVS Health
Wendy Beck, Highmark
Paula Roy, Roy & Associates
Bria Greenlee, 302 Strategies
Christina Bryan, DHA
Steven LePage
Bob Clarkin
Tom Pledgie
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.

APPROVAL OF MINUTES – DIRECTOR FAITH RENTZ, SBO

A MOTION was made by Steven Costantino and seconded by Jeannette Hammon to approve the minutes from the April 15, 2024 Financial Subcommittee meeting.

Abstention – Shaun O’Brien

MOTION ADOPTED UNANIMOUSLY.

DIRECTOR’S REPORT – DIRECTOR FAITH RENTZ, SBO

Director Rentz highlighted agenda items for this afternoon’s Health Policy & Planning Subcommittee meeting and next week’s SEBC meeting which will occur on Tuesday, May 28, 2024 due to the Memorial Day holiday and include an Executive Session. Public comment for SEBC meetings will now occur at the beginning of the meeting following approval of the meeting minutes. This will allow members of the public to provide input on agenda items prior to SEBC discussion.

Three bills sponsored by Representative Baumbach were introduced to the General Assembly and would codify specific recommendations contained within the Retiree Healthcare Benefits Advisory Subcommittee report which was released December 31, 2023. Director Rentz will continue to keep the SEBC and SEBC Subcommittees updated on the progress of these bills, as well as a large number of other bills which could impact the SEBC and GHIP.

Laura Rowe arrived to the meeting.

FINANCIALS – BRIAN STITZEL, WTW

April 2024 Fund Reports

Brian Stitzel reviewed the executive summary for the April Fund Reports. Premium contributions were above budget due to a payment catch-up from the Delaware Transit Cooperation. Other revenues remain on budget for April and claims continue to come in below budget due to the Change Healthcare cyber-attack. As claims processing from FY24 will likely run through the first part of FY25 Q1, the fund is estimated to run only slightly negative by the end of FY24.

Subcommittee members had a discussion related to the delay in claims from the Change Healthcare cyber-attack and questioned how long the lag in claims will take to clear out. Brian Stitzel estimated between 15 to 20 weeks and provided an estimate on total cost of the lagged claims. It was noted that due to the delay in claims, the trend assumptions will be skewed until all claims from FY24 have been processed, however, regular reporting will still be conducted to provide an accurate year-over-year trend for this time period.

A Subcommittee member asked about the claims lag and questioned what exactly is causing the delay in claims processing. Director Rentz and Brian Stitzel provided some clarity and stated that the claims delay is due to a backlog of claims being submitted to the health plan payers from providers.

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 April 2024. A revised forecast of the fund depletion timeframe and updated end-of-year projections were noted.

Brian Stitzel reviewed projected and actual premium contributions and other revenues for FY24 which both are expected to be slightly better than budget. The FY24 claims budget has been re-projected to account for the delay in claims due to the Change Healthcare cyber-attack. Brian Stitzel summarized GHIP expenses, plan member enrollments, and cost experience by group.

Brian Stitzel reviewed an updated five-year projection with a 2% minimum reserve for FY25 and 4% of operating expenses thereafter. Recommended premium rate increases for future plan years for all groups were displayed.

A Subcommittee member requested rebate information on the GLP-1 class of drugs. Director Rentz confirmed that as part of the contract renewal for FY25 with CVS that more detailed data on GLP-1 drug rebates will be provided, however, obtaining this data may still take several months and will be considered proprietary.

FY24 Q3 Financial Reporting

Brian Stitzel summarized the FY24 Q3 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 showed continued increases in gross claims, program costs, premium contributions, and employee costs. Loss ratios by vendor and group type were reviewed.

GHIP TREND ASSUMPTIONS – BRIAN STITZEL, WTW

Brian Stitzel outlined the GHIP trend development and reviewed historical gross claims, trend range and projections, historical health cost trends, trend outlook and considerations, and provided recommendations to the Subcommittee on increasing trend assumptions for medical and Rx for the Actives/non-Medicare retiree and Medicare retiree populations.

Subcommittee members had a discussion on increasing the medical and Rx trend assumptions for FY25 but were hesitant on providing a recommendation as the GHIP is still experiencing abnormal claims reporting and overall expenditures due to the effects of the cyber-attack on the claims data. Claims data will continue to be monitored and presented to the Subcommittee and SEBC on a monthly basis; Subcommittee members decided to delay any recommendations until additional claims data can be presented and accurate FY24 experience can be reviewed. Brian Stitzel noted that a recommendation by the Subcommittee can be made as late as August, with July being ideal.

Any recommendations to increase the FY25 trend will have an impact on the FY25 budget.

Steven Costantino left 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 March 2024, compared to the previous 12 months through March 2023. The data in this report is beginning to reflect the lag in claims due to the Change Healthcare cyber-attack. The overall data reflected in the dashboard displays lower than usual trend due to the backlog in claims. Rx claims have not been impacted by the cyber-attack and continue to show slight increases in the Rx allowed amount per day.

OTHER BUSINESS

Director Rentz informed the Subcommittee that the June Financial and Health Policy & Planning Subcommittee meetings will be combined and held at 10:00 a.m. on June 17, 2024.

PUBLIC COMMENT

No public comment.

ADJOURNMENT

A MOTION was made by Robert Scoglietti and seconded by Laura Rowe to adjourn the public session at 11:06 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