

## **Questions & Answers: SEBC Retiree Healthcare Benefits Advisory Subcommittee**

- Q: What is the Retiree Healthcare Benefits Advisory Subcommittee tasked with doing?**  
**A:** The Retiree Healthcare Benefits Advisory Subcommittee (RHBAS) is a subcommittee of the State Employee Benefits Committee (SEBC) established to conduct public meetings and engage public comment about current and future State retiree healthcare benefits, while taking into consideration the previous work of the SEBC and the Retirement Benefit Study Committee (RBSC). In the course of its work, the subcommittee shall consider how reporting and analyses regarding Medicare Advantage Plans nationwide relate to the terms of the previously proposed Medicare Advantage Plan for State retirees. In addition, the subcommittee shall evaluate options for continuing to provide strong State retiree healthcare benefits in a fiscally sustainable way, including options to maintain their current coverage similar to other states that offer retirees a choice to buy into a Medicare Supplement plan. On April 24, 2023, the SEBC voted to further extend the expired Medicare Special Medicfill Supplement plan for an additional six months through June 30, 2024. On May 1, 2023, the RHBAS issued an initial Report to the Governor and the General Assembly, stating that due to the SEBC extension through June 30, 2024, there would not be an impact to the Fiscal Year 2024 budget. The RHBAS will continue its work and issue a final report no later than October 1, 2023.
- Q: What is the concern about unfunded State retiree healthcare costs?**  
**A:** Over the past several years, the SEBC and the RBSC held many public meetings to study unfunded State retiree healthcare costs and found under the current state pensioner healthcare plans, vesting schedules, and funding models, the retiree healthcare trust fund is woefully underfunded and unsustainable.
- Q: How much is the shortfall of the State of Delaware's Other Post Employment Benefit (OPEB) trust fund?**  
**A:** The RBSC's analysis indicated a shortfall of \$10 billion and a projected shortfall of \$31.3 billion in the trust fund by 2050 if the 2022 status quo continues.
- Q: Who pays into the trust fund?**  
**A:** The OPEB trust fund is funded by state appropriations, other employer contributions and retiree contributions for healthcare. Funds are invested under the management of the DPERS Board of Pensioners.
- Q: Where can I get more information about the trust fund?**  
**A:** The State of Delaware's Other Postemployment Benefit (OPEB) Fund Trust is administered by the Delaware Public Employees' Retirement System (DPERS). The Plan provides medical coverage to pensioners and their eligible dependents. Financial statements for the fund can be found at this link: [https://open.omb.delaware.gov/FinancialReports/OPEB-financial\\_reports.shtml](https://open.omb.delaware.gov/FinancialReports/OPEB-financial_reports.shtml)

**Q: Who has the legal responsibility to establish and oversee retiree healthcare benefits?**

**A:** Under Delaware Code, the SEBC is the governing body that manages employee benefit coverage including health, prescription, dental, vision and other employee benefit options for active state employees, pre-65-year old retirees, Medicare pensioners, and their spouses and dependents

**Q: How does the SEBC select an administrator of the State Group Health Plans?**

**A:** In accordance with Delaware Code 29 Del. C. § 6926, the SEBC competitively bids the administration of the State Group Health Insurance Plans offered to State pensioners and State employees.

**Q: What plan do State retirees currently have?**

**A:** The previous five-year Medicare Special Medicfill Supplement contract, which expired on December 31, 2022, was extended by the SEBC in September 2022 through December 31, 2023 to comply with a Superior Court order. The SEBC voted at its April 24, 2023 meeting to further extend the expired Medicfill contract for an additional 6 months through June 30, 2024.

**Q: What is Medicare supplement insurance (Medigap)?**

**A:** Medigap is Medicare Supplement Insurance plan that helps fill "gaps" in Original Medicare and is administered by insurance companies. Original Medicare pays for much, but not all, of the cost for covered health care services and supplies. A Medicare Supplement Insurance (Medigap) policy can help pay some of the remaining health care costs, like copayments, coinsurance and deductibles.

**Q: Why was the previous Medicare Special Medicfill Supplement contract extended?**

**A:** The Medicfill contract expired as of December 31, 2022. As required by Delaware Code, in early 2021, the SEBC competitively bid the administration on the State Group Health Insurance Plans offered to State pensioners. After several public meetings, in early 2022, the SEBC awarded a contract to Highmark Blue Cross Blue Shield Delaware to provide retiree healthcare under a Medicare Advantage plan, beginning January 1, 2023. On June 28, 2022, the Governor signed the Fiscal Year 2023 state budget, which passed the General Assembly with overwhelming bipartisan support and included language that recategorized the State plan from Medicare Supplement to Medicare Advantage and included one-time supplemental funding for the OPEB trust fund equal to one percent of the prior year's budget. Following a legal challenge to the Medicare Advantage, on October 19, 2022, Superior Court Justice Calvin Scott issued an interim ruling and order to halt the implementation of the Plan. Following the October 19, 2022 opinion and order from the Superior Court, the State negotiated with Highmark Blue Cross Blue Shield Delaware to extend the previous Medicare Supplement plan until January 1, 2024. The SEBC voted at its April 24, 2023 meeting to further extend the expired Medicfill contract for an additional 6 months through June 30, 2024.

**Q: How does the SEBC extension of Medicfill to June 30, 2024 impact the work of the RHBAS?**

**A:** Due to the decision by the SEBC on April 24, 2023 to further extend the expired Medicfill contract through June 30, 2024, the RHBAS submitted an initial report to the Governor and the members of the General Assembly on May 1, 2023. This report stated that, due to the SEBC extension of Medicfill through June 30, 2024, there would not be an impact on the FY 2024 budget. The RHBAS will continue its work and will submit a final report no later than October 1, 2023.

**Q: Where can I find a copy of the May 1, 2023 report that was submitted to the Governor and the members of the General Assembly?**

**A:** The report can be found online: <https://dhr.delaware.gov/benefits/sebc/subcommittee-materials.shtml>

**Q: Where do I get more information about the Highmark Blue Cross Blue Shield Medicare Special Medicfill Supplement plan?**

**A:** More information about the Highmark Blue Cross Blue Shield Medicare Special Medicfill Supplement plan can be found online: <https://dhr.delaware.gov/benefits/medicare/highmark.shtml>

**Q: Where do I get more information about the Highmark Blue Cross Blue Shield Medicare Advantage plan?**

**A:** More information about the Highmark Blue Cross Blue Shield Medicare Advantage plan can be found online: <https://dhr.delaware.gov/benefits/medicare/medicare-advantage.shtml>.

**Q: Where do I find information about coverage and enrollment?**

**A:** The State of Delaware Office of Pensions Medicare FAQs webpage provides answers to Frequently Asked Questions regarding Medicare, the Highmark Special Medicfill & CVS Caremark/SilverScript Medicare (Qualified Part D) Prescription Drug Plan (PDP): <https://open.omb.delaware.gov/FAQs-Medicare.shtml>

**Q: When does the Retiree Healthcare Benefits Advisory Subcommittee meet?**

**A:** RHBAS meetings are posted on the State of Delaware's Public Meeting Calendar: [publicmeetings.delaware.gov](http://publicmeetings.delaware.gov)

**Q: Where do I find meeting recordings, minutes and materials?**

**A:** Previous subcommittee meeting agendas, minutes, recordings and presentations can be found online: <https://dhr.delaware.gov/benefits/sebc/subcommittee-materials.shtml>

**Q: How do I sign up to make public comment in one of the subcommittee meetings?**

**A:** Those wishing to offer verbal comments during the SEBC Retiree Healthcare Benefits Advisory Subcommittee meeting public comment period may pre-register via email to [SEBC@delaware.gov](mailto:SEBC@delaware.gov). Comments and requests may be submitted up to two hours in advance of a scheduled meeting.