



SEBC and SEBC Subcommittee Meetings (January 2024 Updates) *Get the Facts on What's Happening*

As the “administrative arm” of the State Employee Benefits Committee (SEBC), the Statewide Benefits Office (SBO), Department of Human Resources (DHR) is providing the following frequently asked questions document as a resource to employees and retirees, which includes facts on what’s being discussed related to the Group Health Insurance Plan (GHIP) at the SEBC and SEBC Subcommittee meetings and actions taken by the SEBC.

Learn more about the SEBC and SEBC Subcommittees, including committee members, meetings schedules, and meeting materials by visiting the [SEBC page](#) of SBO’s website. Each meeting is open to the public and provides an opportunity for public comment. In addition, suggestions, comments, and/or concerns can be sent to the SEBC at sebc@delaware.gov.

Frequently Asked Questions:

Q. Will there be health plan premium (rate) increases for employees and retirees in Fiscal Year 2025?

A. Over the next several months, the SEBC will review health plan premium (rate) increase scenarios that would be effective July 1, 2024 for active employees and non-Medicare retirees and January 1, 2025 for Medicare retirees. If no additional changes impact GHIP spending, it is projected that *double-digit* health plan premium (rate) increases would be required to cover significantly higher healthcare costs and address the projected \$232.1 million deficit in the Group Health Insurance Fund. The following option was reviewed by the SEBC in January:

- A 27.0% rate increase for FY25 for active employees and non-Medicare retirees. Depending on the employee’s and non-Medicare retiree’s plan and coverage tier, the increase for FY25 could range from \$8.92 to \$87.46 per month (or \$4.46 to \$43.73 per paycheck)*.
- A 27.0% rate increase for CY25 for Medicare retirees who retired after July 1, 2012. Depending on the Medicare retiree’s Special Medicfill plan with or without prescription, the increase for CY25 could range from \$3.70 to \$6.52 per month.

**Note, rates do not reflect any flex credits offered to school district employees to offset premiums (rates) or rates specific to participating groups. These projected rates will continue to change over the next few months as additional data is acquired.*

Final decisions for FY25 will be voted on by the SEBC in March 2024 and communicated in 2024 Open Enrollment materials.

Q. What caused the Group Health Insurance Fund to be in such a high projected deficit?

A. From FY18 through FY22, there were no increases in health plan premiums (rates). During this time, the cost of healthcare continued to rise. The top three contributors that are driving these increased costs include outpatient medical procedures, specialty drugs, and emergency room visits. An additional driver is the overall increase in healthcare utilization post-Covid-19. Discussions have also taken place within the SEBC and SEBC Subcommittees regarding a specific class of medications known as Glucagon-like peptide-1 (GLP-1) agonists. GLP-1 agonists fall into two categories, those that are FDA approved and prescribed for weight loss, and those that are FDA approved and prescribed to manage type 2 Diabetes. The GHIP began covering weight loss medications in July 2023, and the financial impact has been much higher than originally anticipated. The SBO and SEBC are continuing to monitor the high cost and utilization associated with these drugs and have been meeting with other states and employers to learn about unique ways they are addressing this significant increase in cost.

Q. What can employees and retirees do to help control rising healthcare costs and maintain high-quality, affordable benefit options now and in the future?

A. Making informed decisions regarding your care is an important step to help control rising healthcare costs and to maintain high-quality, affordable benefit options. This includes understanding your care options, where to go for services, how much services cost, and making informed decisions to ensure you and your family receive the high-quality, safe, and affordable care

you deserve. Other important steps include staying up to date on preventive screenings, managing chronic conditions, and engaging in a healthy lifestyle. Visit the [SBO website](#) to learn more about your benefits and the programs and services available.

Q. Will there be changes or premium (rate) increases in the State dental and vision plans for employees and retirees in Fiscal Year 2025?

A. There will be **no changes** in the current plan designs or premiums (rates) in FY25 for the State dental coverage offered through Dominion National or Delta Dental and State vision coverage offered through EyeMed.* Additional information on these plans can be found on the [SBO website](#) and will be communicated in 2024 Open Enrollment materials.

**Note, plan options/premiums (rates) may vary for school district employees and participating groups. Contact your organization's Human Resources/Benefits Office for details.*

Q. What is the status of the SEBC's Diversity, Equity, and Inclusion project?

A. In January 2024, Willis Towers Watson (WTW) (the GHIP consultant) provided an update to the Health Policy & Planning Subcommittee on their review of potential benefit offerings and opportunities that could be implemented to better align with the State's equity and inclusion goals. Due to the currently projected \$232.1 million deficit for FY25 and the discussions of double-digit rate increases, the Subcommittee has recommended putting a pause on voting for additional health benefits that would come at a high cost to the GHIP. That being said, the SEBC will receive an update at the February 20, 2024 meeting on benefit offerings that can be added for the FY25 plan year that would have little to no cost impact on the GHIP.

Q. What are the CVS Formulary changes that will go into effect on April 1, 2024?

A. The Pharmacy Benefits Manager (PBM) for the GHIP, CVS Caremark, notified the SBO that effective April 1, 2024, Humira will be removed from the State of Delaware Advanced Control Specialty Formulary due to the introduction of a biosimilar.* This change will only impact the commercial CVS Caremark plan and **does not** apply to SilverScript Retirees. Preferred biosimilar options will be Hyrimoz and Adalimumab-adaz. Studies show there are no clinically meaningful differences between these biosimilars and Humira when it comes to safety, effectiveness, or quality. For members transitioning to a biosimilar, CVS Caremark will help ensure a seamless experience, including proactive member and prescriber notification of this change 60 days in advance, in addition to follow-up text message reminders and online education. CVS Caremark will engage prescribers to guide them through appropriate next steps to help transition plan members. Members and prescribers **will not** need to obtain a new prior authorization with this product transition. An updated formulary sheet with any additional changes will be posted to the [SBO Website](#) by April 1, 2024 under the "Prescription Plan" tab specific to your group.

**A biosimilar is an FDA approved medication that has been developed to be highly similar to the original biologic reference product and has no clinically meaningful differences compared to it. Biosimilars work the same way as the original biologic reference product by creating a similar response in your body.*

Q. What is the status of the SEBC's Medicare Supplement Plan request for proposal (RFP)?

A. On January 9, 2024, the Proposal Review Committee (PRC), which included SEBC members or their designees, met to review bid responses from the [RFP](#) and conduct interviews. The bidders were asked questions on service capabilities, member support and portal access, performance guarantees, and other value-added services. The PRC is scheduled to meet again on February 2, 2024 and March 1, 2024 to complete the review and scoring process and determine a recommendation to bring forth to the SEBC. **The recommendation from the PRC will be presented to the SEBC for vote in March 2024.** The plan that is chosen from the [RFP](#) will be effective January 1, 2025 for Medicare retirees and will be identical to the design of the current Special Medicfill Medicare Supplement Plan.

Q. What is the status of the Disability Insurance Program (DIP)* request for proposal (RFP)?

A. At the December 21, 2023 meeting, the SEBC voted to approve the [DIP RFP recommendation](#) from the Proposal Review Committee (PRC) to invite The Hartford to negotiate several conditions for a short term and long term disability contract, which would result in an award for an initial three-year term effective July 1, 2024 through June 30, 2027, with two optional one-year period extensions. The SBO has been negotiating with The Hartford since the SEBC's approval made at the December 21 meeting. A verbal agreement has been reached on all conditions outlined in the recommendation presented. The Hartford has agreed to Performance Guarantees for re-implementation and ongoing administration of the short term disability, long term disability, and return to work components of the program. An official award letter was sent to The Hartford on February 2, 2024 and the SBO notified non-selected bidders.

**Note, employees are eligible for the [DIP](#) if they are employed in a position that is covered by the Delaware State Employees' Pension Plan. This includes employees who work for a State agency, school district, charter school, the University of Delaware, Delaware State University, Delaware Technical Community College, and Delaware Solid Waste Authority. Eligible employees hired on or after January 1, 2006 are automatically enrolled in the DIP.*

Q. Do the SEBC's Subcommittees have decision-making authority?

A. No, the SEBC's Subcommittees do **not** have decision-making authority. Subcommittees **can only make recommendations** that, depending on the recommendation, **require further action** by either the SEBC, Governor, and/or General Assembly.

While the SEBC is the governing, decision-making body that manages employee and retiree benefit coverage, the Subcommittees are responsible for advising the SEBC on specific matters. The Health Policy & Planning Subcommittee advises the SEBC on health policy and planning matters. The Financial Subcommittee advises the SEBC on financial matters. The Retiree Healthcare Benefits Advisory Subcommittee (RHBAS) advises the SEBC on retiree healthcare matters. The RHBAS was established by [Senate Bill 29](#) to conduct public meetings and engage public comment about current and future State retiree healthcare benefits.

Q. What is the status of the Retiree Healthcare Benefits Advisory Subcommittee (RHBAS) final report?

A. The RHBAS [final report](#)* of recommendations for consideration related to non-Medicare and Medicare retiree eligibility and benefits is posted on the [SEBC page](#)* of SBO's website. The final report was released to the General Assembly and Governor in early January 2024 for their review. On January 29, 2024, Lieutenant Governor Hall-Long presented an [overview](#)* of the final report recommendations to the SEBC. There are no additional updates at this time regarding the review or outcomes of the final report.

**Note, the RHBAS recommendation in the final report for retirement state share based on years of service and healthcare benefits provided to Medicare-eligible retirees would impact employees hired by the state on or after January 1, 2025. The Subcommittee's recommendation to change the percentage of premiums paid by the State for employee and retiree health care coverage, including the required years of State service to be eligible for and to receive coverage during retirement, is defined in [Delaware Code Title 29 Section 5202](#), and any change would require the General Assembly to pass legislation, which would require the Governor's signature to become law.*