



**MINUTES FROM THE MEETING OF THE STATE EMPLOYEE BENEFITS COMMITTEE
MAY 6, 2019**

The State Employee Benefits Committee (the "Committee") held a meeting on May 6, 2019 in Room 112 of the Tatnall Building located at 150 Martin Luther King Jr. Blvd. Dover, Delaware 19901.

Committee Members Represented or in Attendance:

Director Michael Jackson, Office of Management & Budget ("OMB"), Co-Chair
Secretary Kara Walker, Department of Health and Social Services ("DHSS")
Ms. Evelyn Nestlerode, Controller, Administrator of the Courts (Designee on behalf of Chief Justice Strine)
Mr. Stuart Snyder, Chief of Staff, Department of Insurance (Designee on behalf of Commissioner Navarro)
The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer
Mr. Jeff Taschner, Delaware State Education Association ("DSEA")

Committee Members Not Represented or Not in Attendance:

Controller General Michael Morton, Office of the Controller General
Secretary Sandra Johnson, Department of Human Resources ("DHR"), Co-Chair
Lieutenant Governor Bethany Hall-Long, Office of the Lieutenant Governor

Others in Attendance:

Senator Colin Bonini	Ms. Christie Gross, Member of the Public
Director Faith Rentz, Statewide Benefits Office ("SBO"), DHR	Ms. Kim Hawkins, City of Dover
Deputy Director Leighann Hinkle, SBO, DHR	Ms. Tina Hession, PHRST, OMB
Deputy Attorney General, Andrew Kerber, Department of Justice, SEBC Legal Counsel	Ms. Lisa Jaremka, Member of the Public
Mr. Kevin Fyock, Willis Towers Watson	Ms. Kimberly Jarrell, Member of the Public
Mr. Chris Giovannello, WTW	Ms. Kate Kleinot, Member of the Public
Ms. Rebecca Warnken, WTW	Ms. Molly Magarik, Deputy Secretary, DHSS
Mr. Matt Bittle, Delaware State News	Mr. Walt Mateja, IBM Watson Health
Mr. Andrew Brancati, Highmark BCBS	Mr. James Nutter, Parkowski Guerke & Swayze
Ms. Jennifer Bredemeier, University of Delaware	Mr. Bill Oberle, Delaware State Troopers Association
Ms. Christina Bryan, DE Healthcare Association	Mr. Rob Rodriguez, IBM Watson
Ms. Rebecca Byrd, The Byrd Corp	Ms. Judi Schock, Deputy Principal Assistant, OMB
Mr. Dave Craik, Pension Administrator, Pension Office	Dr. George Schreppler, DE Chiropractic Services Network
Ms. Julie Craynor, Aetna	Ms. Martha Sturtevant, Executive Assistant, SBO, DHR
Ms. Jacqueline Faulcon, DE Retired School Personnel Assoc.	Mr. Jim Testerman, DSEA (ret.)
	Ms. Emily Thomas, Fiscal & Policy Analyst, OMB

CALLED TO ORDER

Dir. Jackson called the meeting to order at 2:01 p.m. and introductions were made.

APPROVAL OF MINUTES – DIRECTOR MICHAEL JACKSON

A MOTION was made by Sec. Walker and seconded by Mr. Snyder to approve the minutes from the April 8, 2019 State Employee Benefits Committee meeting.

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

MOTION ADOPTED UNANIMOUSLY

DIRECTOR'S REPORT – DIRECTOR FAITH RENTZ

SBO Communications and Open Enrollment

Open enrollment has begun and runs through May 24, 2019. Communications have been sent to 37,402 benefit eligible PHRST employees as well as non-Medicare retirees and participating group members.

SBO communications engage employees to actively participate in Open Enrollment by requiring they view the Benefit Open Enrollment Highlights Video and complete an evaluation by May 17, 2019. Employees must log into Employee Self-Service and follow the steps in the Value Five Enrollment Action Checklist. At a minimum, employees must log into Employee Self-Service, make edits to their benefits, or select "I Have No Changes."

SBO has provided HR/Benefit representatives with a template email for their use to assist in engaging active participation. Additionally, SBO has extended hours for the Open Enrollment Help Desk from 7:30am-5:30pm.

RFP Update

SBO received 9 bid responses and invited 3 vendors as finalists to interview on April 29, 2019 for the combined administration of COBRA, Flexible Spending Account ("FSA") and Pre-tax Commuter ("PTC"). The three finalists included Wage Works (incumbent COBRA), ASIFlex (incumbent FSA/PTC) and TASC.

The Proposal Review Committee will reconvene on June 3, 2019 to address follow-ups and to conduct scoring. Recommendations will be brought to the Committee for review and vote at the June 10, 2019 meeting in order to ensure adequate implementation time necessary for an effective date of January 1, 2020.

SurgeryPlus Implementation

Plan design and incentive recommendations are being finalized for presentation to the Committee at the meeting on June 10, 2019.

Future SEBC Topics

SBO is coordinating with Highmark and Aetna to present their progress on Value Based Care contract initiatives and care management programs. Additionally, SBO is preparing recommended modifications to the GHIP Eligibility & Enrollment Rules as well as any legislative updates on bills impacting the GHIP.

Subcommittee Updates

The Health Policy & Planning ("HP&P") and Financial Subcommittees met May 2, 2019 to continue the discussion on Health Savings Accounts. Recommendations are expected to be finalized for presentation at the June 10, 2019 meeting.

Updates to FY19 and recommended changes to GHIP infertility coverage were finalized. Both are on the agenda today.

FINANCIALS – MR. CHRIS GIOVANNELLO, WTW

March Fund Report

Revenues were as expected. Claims were higher than budgeted. The claims variance to budget is under 2%. March ended with approximately a \$7M deficit compared to an expected deficit of approximately \$6M. The year to date fund variance to budget is about \$15M. The forecasted FY19 surplus is approximately \$61M.

Dir. Jackson queried the 9% increase in claim projections in Q4 of FY19. Ms. Warnken responded that the historic seasonal patterns seen in the GHIP is a result of members who have met their deductible and out-of-pocket maximum (plan begins picking up full cost) and the resulting uptick on wellness services prior to year-end.

FY19 Q3 Executive Summary

When comparing FY19 Q1 through Q3 with the same period of FY18, medical is trending favorably at 4% and prescription is trending at 9.6%. Overall the total cost per-member per-year is up 5.2% and approximately 2% under budget.

When comparing the FY19 actual budget with the original budget prepared by Willis Towers Watson, the per-member per-year trend is down 3.1%. It was noted that the budget reflects 20 invoices paid through Q3, and that actual paid invoices by Express Scripts is currently 19; when normalized is 1.7% below budget.

The key observations of plan usage included good utilization of well visits across all ages. High Cost Claimants (“HCC”) continue to drive a higher trend. More details on HCC will be available in Q4. Specialty pharmacy is a key driver to the increase in pharmacy cost, both in unit cost and utilization. Additionally, screening rates for cholesterol, cervical, breast, and colon cancer are below benchmark.

FY19 Recast and FY20 Health Plan Premium Recommendations

A revised FY19 budget projection of \$827M was presented. A .3% decrease in the FY19 budget is based on claims data through March FY19 and a slight decrease driven by an increase in other revenues.

A revised FY20 budget is \$856.2M, down from \$865.3M primarily driven by a decrease in expected enrollment. Projected enrollment has been reduced to 1% to align with historical growth.

Mr. Taschner asked if the presented savings for approved program changes were expected annually. Ms. Warnken confirmed that the projection is incorporated and conservative, but could increase over time with utilization. Mr. Giovannello added that WTW will refresh projections with actual usage.

Projections for Plan growth were revised with data back to FY08 and smoothing for FY12. Excluding FY12 (adoption of ACA allowing for coverage of dependents under age 26), the plan growth rate averages 1.02%.

The updated budget projects a FY19 surplus of 60.1M.

Three different premium rate increase scenarios were presented. A 2% increase projects a FY21 surplus of \$16.3M and a FY22 deficit of \$58.1M, 1% increase projects a FY21 deficit of \$8.8M and a FY22 deficit of \$109.2M, and no premium rate increase projects a FY21 deficit of \$33.7M, and a FY22 deficit of \$159.4M. Ms. Warnken noted that to correct for the FY21 deficit resulting from a flat increase would require a 6.2% increase in premiums.

A 2% increase equals \$6.72 to \$65.52 annually, or .03%-.26% as a percent of pay. A 1% increase equals \$3.36 to \$32.76 annually, or .01%-.13% as a percent of pay.

Mr. Taschner asked for a revised projection that shows an increase of 5.2% instead of the 6.9% presented for FY19. He added that he understood the intent of using a conservative number, but would like to see how that correction would project out in each scenario.

Dir. Jackson added that he is comfortable with the forecast and the Committee should anticipate modest adjustments in the future to maintain stability of the Fund.

Next steps include a review of the April Fund Report, and one more month of claims review. Additionally, there may be consideration of FY20 premium rate action.

FERTILITY CARE/IVF BENEFIT DESIGN RECOMMENDATIONS – DIRECTOR RENTZ

Dir. Rentz reviewed the current GHIP infertility coverage. Coverage includes Artificial Insemination (“AI”), Intrauterine Insemination (“IUI”), and In Vitro Fertilization (“IVF”) and related procedures. Coverage does not extend to dependent children. Women must be at least 18 and under 45. Coverage does not extend to the reversal of voluntary sterilization of either partner. Age appropriate AI and IUI must be tried before IVF. There is a \$10K lifetime medical limit for all infertility services, and a \$15K lifetime limit on related pharmacy expenses. Members pay a 25% coinsurance for all medical services and prescriptions.

Dir. Rentz reviewed the details of SB 139, with Senate Amendment I, passed in the 149th General Assembly. The Bill requires health insurance offered in Delaware to provide coverage including IVF for individuals who suffer from a disease or condition that results in the inability to procreate or to carry a pregnancy to live birth. It also provides for fertility preservation where necessary medical treatment could impact fertility. SB 139 also requires cost sharing to be on par with non-fertility related services and prescriptions under their benefits, and exempts employers who self-insure their plans.

Dir. Rentz reviewed the additional coverage under the Bill. Dependent children are eligible. Women are eligible for embryo transfer up to age 50. Coverage extends to voluntary sterilization if with a different partner than when the sterilization occurred. AI and IUI need not be tried before IVF when medically appropriate.

Estimated costs prepared by Aetna and Highmark for the full adoption of SB 139 were \$6.75M annually. The estimates assumed that every member would utilize the most expensive treatment and each cycle was estimated at \$20K per cycle. As a result the Committee asked the Subcommittees to review and validate the estimates and explore potential options.

SBO focused on 5 years of claims data from 480 Highmark and Aetna members approved for infertility services. The average annual cost to the GHIP was \$1.3M. The cost is approximately 50% medical/50% prescription. Dir. Rentz acknowledged that the data is limited, because as the benefit is capped it does not account for out-of-pocket expenses members are paying outside of our claims data.

SBO isolated claims data for the 400 Highmark members, of which 206 had a successful pregnancy and childbirth. Of those who were successful, 51 members utilized IUI/AI (average cost \$5,600), 119 members utilized IVF (average cost \$23,300), and 36 members were successful with a combination of IUI and IVF (average cost \$30,000).

SBO used actual member claims to estimate the cost by service per cycle. Dir. Rentz noted that the estimates do not include related prescriptions, member co-insurance, out-of-pocket expenses, or embryo biopsy or genetic testing. The estimate only captures the costs paid by the plan. Per cycle IUI/AI is estimated at \$1,800, fresh IVF cycle with transfer is estimated at \$10K, fresh IVF cycle with no transfer is estimated at \$6K, and frozen embryo transfer including egg freeze cycle is estimated at \$7,300. Including related prescriptions, SBO estimates are approximately 25% less than estimates provided by Aetna and Highmark.

Dir. Rentz presented the recommendations from the HP&P Subcommittee for the Committee’s consideration. Increase the current \$10K medical only infertility benefit to \$30K, and remove the 25% coinsurance. In addition, the Subcommittee recommends a partial adoption of SB 139. The Subcommittee is in favor of all but the removal of the lifetime limit. Recommendations were summarized: expand coverage for iatrogenic infertility care; expand coverage for cryopreservation and thawing of eggs, sperm and embryos (not currently covered - estimated cost per member per year of \$2K); lifetime limit up to 6 completed egg retrievals with unlimited embryo transfers using Single Embryo Transfers; limit ovulation induction (“OI”) to no more than 3 cycles before IVF; OI/IUI be removed as a prerequisite to IVF if medically necessary; and increase maximum IVF transfer age from 44 to 49. Finally, it was

recommended that the Committee consider coverage for embryo biopsy and testing. Embryo testing is not currently covered, and is not included in SB 139 (estimated at \$6K per cycle).

The estimated additional annual cost for FY20 is \$2.5M. This estimate assumes that members who have reached the current \$10K cap would utilize the remaining amount up to the revised cap of \$30K, that there would be a 35% increase in services utilization up to the \$30K limit in one year, and includes the cost of cryopreservation.

Additionally, the Subcommittee recommends additional steps moving forward; monitoring benefit utilization to compare to historic utilization to better estimate costs, consider bundling infertility services through a third-party benefit administrator; apply all infertility related diagnostic testing under the standard medical benefit, so as not to be applied toward lifetime limit; consider further appropriateness and efficacy of infertility benefits for FY21 and going forward.

Dir. Rentz requested feedback from the Committee regarding the proposed recommendations and funding the additional costs of those recommendations.

Ms. Nestlerode noted that Chief Justice Strine is in favor of funding additional costs through the general fund, as the Bill was passed by the General Assembly, he is not in favor of increasing premiums to all employees.

Sec Walker responded that she is in favor of moving forward with the recommendations, adding that it is pivotal to monitor trends and utilization over time for more accurate estimates, and the Committee should take into consideration when discussing premium rate increases.

Mr. Taschner thanked SBO and the Subcommittee for their work reducing the cost estimates from \$6.75M to \$2.5M annually. He added that he is interested in pursuing bundled services to further reduce the cost estimates.

Dir. Jackson stated that it was a fair approach to request a one-time appropriation from the General Fund to cover the costs of additional infertility services until actual member utilization and costs can be evaluated. He added that a vote to provide additional services should be inclusive of funding available in the budget.

Treasurer Davis added that a third party infertility care administrator may help ensure that newly available services are used appropriately.

Dir. Jackson queried whether Highmark and Aetna could revise the application to the lifetime maximum for an effective date of July 1, 2019. Dir. Rentz confirmed, and added that she would confirm if diagnostic testing required to determine eligibility for infertility services could be separated from lifetime maximums for the same effective date.

Jeff Taschner thanked the advocates for providing the personal framework for the Committees consideration. Dir. Rentz noted the additional advocate letter included in the Committees materials.

OTHER BUSINESS

No other business was presented.

PUBLIC COMMENT

Ms. Lisa Jaremka, a public advocate of HB 139, expressed her gratitude to the Subcommittee for their consideration and recommendations for a meaningful expansion of coverage.

Ms. Kate Kleinot, a public advocate in support of HB 139, thanked the Committee for their consideration of the proposed recommendations, adding that they would be significant to her as she hopes to add to her family.

Senator Colin Bonini expressed his opposition to payday lending. He wished to express his support that the SEBC develop and advertise a Request for Proposal to administer an alternative to payday lending for state employees.

Dir. Jackson noted previous language allows for the SEBC to implement the alternative through the State payroll system. He added that a proposed solution is available at no cost to the employer.

Sen. Bonini noted that he is aware of one vendor that provides an alternative to payday lending that caps the amount borrowed at \$500 and charges the employee a per paycheck fee.

Dir. Jackson responded that he will invite OMB staff to present to the Committee in July, adding that this service can be started at any time during the year.

EXECUTIVE SESSION

A MOTION was made by Sec. Walker and seconded by Mr. Snyder to move into Executive Session at 3:16p.m to discuss a Health Care Appeal.

MOTION ADOPTED UNANIMOUSLY

CALLED TO ORDER

Dir. Jackson called the meeting back to order at 3:29 p.m.

ADJOURNMENT

A MOTION was made by Mr. Taschner and seconded by Mr. Snyder to adjourn the meeting at 3:32 p.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Martha Sturtevant, Statewide Benefits Office, Department of Human Resources
Recorder, Statewide Employee Benefits Committee