

AGENDA
SEBC Financial Subcommittee Meeting
Thursday, August 13, 2020 at 10:00 a.m.

In accordance with Governor Carney's [Proclamation Authorizing Public Bodies to Meet Electronically](#), "in the interests of protecting the citizens of this state from the public health threat caused by COVID-19," this meeting will be held via WebEx, without a physical location. Members of the public may participate using the information provided.

<https://www.webex.com/>

Meeting number (access code): 135 451 0390

or Join by Phone Toll Free: 1-866-205-5379

1. Call to Order
2. Approval of Minutes*
3. Director's Report- SEBC & Subcommittee Updates
4. Financials
 - a. April, May & June 2020 Fund Reports
 - b. FY20 Qtr 4 Financial Reporting
 - c. GHIP Long Term Projection Recast
 - d. COVID-19 Cost Reporting
 - e. FY22 Planning
5. Other Business
6. Public Comment
7. Adjournment

Visit <http://ben.omb.delaware.gov/sebc> for details on SEBC Health Policy & Planning and Financial Subcommittee meetings.

***Agenda items may require action and approval by the Committee.**

The Committee may move into Executive Session for the purpose of discussing confidential financial information and trade secrets pursuant to 29 Del.C. §10004(b)(6) and to receive legal advice pursuant to 29 Del.C. §10004(b)(4) relating to pending or potential litigation. The Committee may move into Executive Session for one or more of these reasons.



**MINUTES FROM THE TELEPHONIC MEETING OF THE FINANCIAL SUBCOMMITTEE
TO THE STATE EMPLOYEE BENEFITS COMMITTEE
MAY 7, 2020**

The Financial Subcommittee to the State Employee Benefits Committee (the "Committee") met on Thursday, May 7, 2020 via WebEx and without a physical location in accordance with the Governor's [Proclamation Authorizing Public Bodies to Meet Electronically](#). Attendees participated using the information provided via the Delaware Public Meeting Calendar.

Committee Members Represented or in Attendance (Telephonically):

Director Faith Rentz, SBO, Department of Human Resources ("DHR") (Appointee of Sec. Johnson), Chair
The Honorable Colleen Davis, State Treasurer, Office of the State Treasurer
Ms. Judy Anderson, Delaware State Education Association ("DSEA"), (Appointee of Jeff Taschner, DSEA)
Mr. Steve Costantino, Department of Health and Social Services (Appointee of Secretary Walker)
Ms. Ruth Ann Jones, Legislative Analyst, Office of the Controller General (Appointee for Controller General Morton)
Ms. Emily Molinaro, Office of Management and Budget ("OMB") (Appointee OMB Director Jackson)
Mr. Stuart Snyder, Chief of Staff, Department of Insurance ("DOI") (Appointee of Commissioner Navarro)

Subcommittee Members Not Represented or in Attendance (Telephonically):

Mr. Keith Warren (Appointee of Lt. Governor Hall-Long)

Others in Attendance (Telephonically):

Ms. Leighann Hinkle, Deputy Director, SBO, DHR
Mr. Kevin Fyock, Willis Towers Watson ("WTW")
Ms. Jaclyn Iglesias, WTW
Mr. Chris Giovannello, WTW
Ms. Rebecca Warnken, WTW
Ms. Cherie Biron-Dodge, Controller, DHR
Ms. Christina Bryan, Delaware Healthcare Association
Ms. Julie Caynor, Aetna
Ms. Katherine Impellizzeri, Aetna
Ms. Heather Johnson, Accountant, DHR
Ms. Lisa Mantegna, Highmark Delaware
Mr. Walter Mateja, IBM Watson Health
Ms. Evelyn Nestlerode, Deputy State Court Administrator, Administrative Office of the Courts ("AOC")
Ms. Paula Roy, Roy and Associates
Ms. Judi Schock, Deputy Principal Assistant, OMB
Ms. Martha Sturtevant, Executive Assistant, SBO, DHR
Ms. Ashley Tucker, Staff Attorney, AOC
7 Unidentified Callers

CALLED TO ORDER

Director Rentz called the meeting to order at 10:03 a.m.

STATE OF DELAWARE STATEWIDE BENEFITS OFFICE

97 Commerce Way, Suite 201, Dover DE 19904 (D620E)

Phone: 1-800-489-8933 • Fax: (302) 739-8339 • Email: benefits@state.de.us • Website: de.gov/statewidebenefits

APPROVAL OF MINUTES –DIRECTOR FAITH RENTZ, CHAIR

A MOTION was made by Mr. Costantino and seconded by Ms. Anderson to approve the Minutes from the February 13, 2020 Combined Subcommittee meeting.

MOTION ADOPTED UNANIMOUSLY.

Meeting minutes will be posted publicly after secondary approval by the Health Policy & Planning Subcommittee.

DIRECTOR’S REPORT – DIRECTOR FAITH RENTZ, CHAIR

SEBC Updates

The Subcommittees did not meet in March or April. The Committee met March 9, 2020 but did not meet in April. The May Committee meeting will be cancelled.

Legislative/Policy Updates

The General Assembly is not convening currently due to the COVID-19 pandemic.

The Primary Care Collaborative (“PCC”) met on April 6, 2020 and May 6, 2020. Freedman Healthcare presented at each meeting regarding their work with DOI’s Office of Value Based Healthcare Delivery on the establishment of a Technical Subcommittee of the PCC. A vote was taken on the makeup and composition of this subcommittee which will include a representative from a large employer; the Statewide Benefits Office is being considered for this position. This member will support the Technical Subcommittee with necessary metrics to evaluate primary care spend, utilization, and effectiveness as well as provide policy expertise.

The PCC voted on the final annual report as required per SB 227. PCC agenda and materials are posted at <https://dhss.delaware.gov/dhss/dhcc/collab.html>.

Mr. Costantino added that when the PCC considered the makeup of the subcommittee, they collectively were in favor of technical expertise over policy expertise.

Request for Proposal Updates:

The March 2020 interviews for the Employee Assistance Program (“EAP”) Request for Proposal (“RFP”) were postponed until July. The contract with Health Advocate has been extended through December 31, 2020. A contract award is expected no later than September with an effective date of January 1, 2020.

The due dates for Medical and Prescription Audit Services were moved to April 15, 2020. Six bid responses were received. A contract award is expected no later than September 2020 with an effective date of October 1, 2020. The awarded vendor(s) will begin services immediately for the FY19 & FY20 plan years.

The Vision Insurance RFP was advertised on April 20, 2020 with bid response due May 15, 2020. A contract award is expected no later than October 2020 for a contract effective date of July 1, 2021.

The Dental Insurance RFP is scheduled for advertisement on August 17, 2020. A contract award is expected no later than January 2021 for a contract effective date of July 1, 2021.

The RFP for the Pharmacy Benefits/Pharmacy Benefit Manager Administration contract will consist of two-phases. Phase 1 contains minimum requirements and is scheduled for advertisement on June 1, 2020. In early July, bidders who meet the requirements of Phase I will be invited to submit a response to the financial portion of the RFP (Phase II). A contract award is expected in December 2020 for a contract effective date of July 1, 2021.

The Health Data Analytics RFP is scheduled to be advertised on July 27, 2020 for a contract award date no later than January 2021 and a contract effective date of July 1, 2021.

Advertisement of the Health Care Stakeholder Request for Information will be postponed due to the COVID-19 epidemic.

Contract Updates:

One-year contract renewals are being negotiated and prepared for an effective date of July 1, 2020 for Highmark Delaware, Aetna, Dominion Dental, Delta Dental, Express Scripts, and EyeMed. Willis Towers Watson's contract is being extended an additional two years (through 6/30/22) with no change in rates.

The contracts are being finalized with Securian for the Group Universal Life insurance program and Accident and Critical Illness insurance benefits for an effective date of July 1, 2020.

Open Enrollment

Open Enrollment ("OE") runs from May 4 to May 20, 2020. All benefit eligible employees and retirees were notified by mail including those employees who have previously consented to receive their information electronically. OE provides eligible employees the opportunity to enroll in health, dental and/or vision plans, flexible spending accounts, accident & critical illness insurance and group universal life insurance.

Active participation in OE as of Wednesday, May 6, 2020 is at 23% for state employees.

COVID-19 Update

SBO launched a new COVID-19 resources page that highlights available resources for state employees and outlines all modifications to state benefits made to date.

Notable changes to benefits as a result of the COVID-19 pandemic include removing cost sharing for telehealth services, and copays for COVID-19 related treatment. EAP programs have been extended until June 30, 2020 for all State employees.

FINANCIALS – CHRIS GIOVANNELLO, WTW

January Fund Report

Premium contributions were lower than expected as a result of a missed journal entry for pensioners which is reconciled in the February Fund Report.

The \$6.3M Federal Reinsurance amount includes a \$5.2M Federal Insurance true-up payment attributable to CY18. Revenue also included a \$5.9M coverage gap discount payment.

Emerging claims came in below budget, and 2% over budget YTD. Net income is down \$3.6M, bringing the Fund Equity balance to \$152.5M.

Mr. Costantino queried whether claims data reflected date of service or date of paid claims. Mr. Giovannello confirmed that it reflects the date claims were paid by the fund.

February Fund Report

Premium contributions were higher than budget after posting the missed payment in January.

February was a rebate month with \$11.2M in commercial rebates and \$7.1 in EGWP rebates.

Claims were \$4.1M over budget or 2%.

March Fund Report

March revenue was in line with budget, and claims exceeded budget by \$6.5M.

Prescription claims were higher than budget but are expected to smooth over the next few months and likely resulted from pre-filled maintenance medications in response to the COVID-19 pandemic.

Through the end of March there is a \$14.2M variance in the budget year to date, bringing the Fund Equity balance to \$157.6M.

There was a discussion that the April fund report will begin to reflect the impact of the pandemic.

Ms. Anderson queried the dates of service tied to the payments made to SurgeryPlus. Dir. Rentz responded that the payment is made after SurgeryPlus has collected and paid for each bundled procedure and payments are not tied to individual dates of service.

FY20 Q3 Financials

The analysis reflects data that is pre-COVID-19.

Comparing FY19 Q3 to FY20 Q3 there is a 5.3% increase in total program costs and is in line with historical trend assumptions; pharmacy increased 9.0% and medical is up 4.3%.

Holding premium rates flat in FY20 will lead to a deficit for the year, the fund is currently 4% over last year and 2% higher than expected driven by an increase in pharmacy spend.

Chronic illnesses were consistent with trend; however, there were larger increases in osteoarthritis and depression.

There was an 8% increase in the number of High Cost Claimants (“HCC”), but the average payment per HCC decreased.

Specialty pharmacy accounts for 42% of total pharmacy spend.

There continues to be a decrease in hospital admissions, but the length of stay has increased.

Long Term Projections Recast

The FY20 Q3 budget recast includes experience data through March 2020 and does not make assumptions for the impact of COVID-19. The budget of \$849.2M is up 0.2% from \$847.6M in FYQ2. The increase is a result of higher claims experience; however, this increase is offset by the increase in prescription rebates. Enrollment was flat. The budget projection for FY21 is down slightly from \$903.3M to \$902.5M representing a 6.3% increase over the FY20 budget recast; of that increase, 1% is attributable to membership growth for a 5.3% increase on a per capita basis.

On a rolling 12-month basis, gross per employee claims through FY20 Q3 are 5.1% higher than the prior period: medical trend is 3%, and prescription trend is 10%. The 5% composite trend assumptions were updated at the February 17, 2020 Committee meeting to 5% for medical and 8% for pharmacy.

A surplus of \$14.7M is projected through FY21. Without rate action in FY21 there is a projected deficit of \$95.6M through the end of FY22; these projections do not account for the impact of COVID-19. The Financial Subcommittee will need to consider the timing and level of a rate increase.

To meet the requirement set by the Financial Subcommittee to smooth the surplus over a minimum of two years, a 2.5% rate increase effective July 1, 2020 had previously been recommended. A rate increase for FY21 is unlikely; therefore, a July 1, 2021 rate increase of 12.1% would be required to erase the projected FY22 deficit.

COVID-19 Cost Reporting

There was a review of considerations made to the potential impact of COVID-19 on the Group Health Insurance Plan (“GHIP”), including underlying conditions and age demographics of the plan.

There was a review and discussion of the potential impact of deferred care. Substantial decreases in the short-term are projected in most types of care. The volume of care returning to the system will vary by type of care.

Mr. Costantino asked if the projections accounted for the increase in telehealth. Ms. Warnken responded that modeling accounts for double the utilization of telehealth.

There was a review of a range of assumptions for estimating deferred care based on the severity of infection rates. Recent estimates indicate lower than anticipated infection rates.

Through March 2020, pharmacy claims were 3.4% above budget. The Delaware stay-at-home order was implemented March 24, 2020.

April medical claims are projected to be \$14.5M below budget and pharmacy claims are projected to be \$1.7M above budget.

Deferred care savings is expected to outpace COVID-19 expenses. It is unlikely that claims will return to budgeted levels during the remainder of the year.

Considerations for the FY21 impact of COVID-19 on the GHIP will include the effectiveness of policies to mitigate spread and timing of easing social distancing measures, costs of new vaccines and therapies, potential new waves of infection, the level of deferred care that returns, as well as the minimum reserve policy and rate action.

There was a review of the minimum reserve methodology. The reserve is set annually based on the final fiscal year budget. The estimated confidence intervals reflect the potential for random fluctuations in claims given the size and risk profile of the GHIP and represent the probability that the budget estimate will fall between an upper and lower bound of a health care claims distribution; the minimum reserve did not account for a systemic event.

At the set 97% confidence interval, the upper bound is \$24.3M higher than the projected budget. It was recommended that the Committee consider increasing the minimum reserve level during FY21 by \$25.0M and set aside Q4 savings through FY21.

Ms. Anderson is in favor of the increase to the reserve and queried if the increased savings would be held in a separate account or added to the existing reserve account. Ms. Warnken responded that either is an option.

Mr. Costantino shared that Medicare is also increasing minimum reserves.

Treasurer Davis noted that her office has also planned to have more cash on hand through FY21.

Long term projections anticipate a drop in operating expenses but an increase in FY21 before returning to status quo. No additional membership growth was included in the assumptions; job losses resulting from the pandemic could increase membership and will be monitored. The revised projection includes holding the additional minimum reserve through FY21 to offset potential cost increases due to COVID-19.

Accounting for the potential impact of COVID-19, there is a projected FY21 deficit of \$8.1M and a FY22 deficit of \$91.7M. A 10.8% rate increase effective July 1, 2021 is estimated to eliminate the projected deficit.

Dir. Rentz queried the impact to a July 1, 2021 rate increase if the additional \$25.0M held in reserve is needed and not returned to the fund in FY22. Ms. Warnken responded that the projections account for returning the FY22 minimum reserves to status quo or the deficit would increase by \$25.0M.

The Subcommittee discussed next steps. Dir. Rentz will present feedback from the Financial Subcommittee regarding the additional reserve at next scheduled Committee meeting on June 8, 2020.

Lab & Imaging Costs

The Site of Care Steerage report was updated with claims experience through December 2019.

There was a review of utilization. There continue to be increases in urgent care utilization, while emergency room utilization remains flat. Primary care utilization remains down for non-emergent and treatable conditions.

Copay increases for high-tech imaging were implemented in FY20. A review of utilization from January 2017 through December 2019 indicates that utilization has not shifted to freestanding facilities relative to hospitals.

Copay increases for basic imaging were implemented in FY20. A review of 2019 utilization by site of service and categories reflects a positive trend with a 0.1% increase in outpatient hospital imaging, compared to a 9.4% increase in freestanding facilities.

Copay increases for lab services were implemented in FY20. A review of utilization by site of service and categories reflects a positive trend with a 6% reduction in utilization of outpatient hospital labs and a 15% increase in preferred labs.

Dir. Rentz noted that Committee and Subcommittee members inquired how steerage efforts may or may not impact allowable charges on the facility side. As a result, SBO is reviewing reporting at a facility level to determine costs for labs and imaging, as well as reviewing geographical areas where freestanding facilities are not located.

The Financial Subcommittee is not expected to meet in June, as new updates to the financials will not be available. Subcommittee members are encouraged to share their reactions, and feedback with Dir. Rentz.

OTHER BUSINESS

No new business.

PUBLIC COMMENT

Members of the public were given instructions on how to participate. There was no public comment.

ADJOURNMENT

A MOTION was made by Mr. Costantino and seconded by Mr. Snyder to adjourn the meeting at 11:37 a.m.
MOTION ADOPTED UNANIMOUSLY.

Respectfully submitted,

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

State of Delaware
 Financial Subcommittee Topic Tracking Log
 8/13/2020

Meeting Date	Agenda Topic(s)	New Topic(s)	Quick Hits (Follow-ups Outside of Meeting)	Short Term FY20 Focus Topics	Long Term Focus Topics	No Longer Consider	Move to/Receive direction from SEBC
	<i>Planned discussion topics for this date's meeting</i>	<i>Topics brought up during the meeting for further consideration</i>	<i>Follow-up to be sent to subcommittee after discussion</i>	<i>Topic determined for continued subcommittee dialogue</i>	<i>Topic tabled for longer term consideration</i>	<i>Agreed upon to cease discussion of topic</i>	<i>Decision to move topic for presentation and potential approval/receive direction from SEBC</i>
10/25/2018	<ul style="list-style-type: none"> - Committee Business Rules - Overview and History of Group Health Financials - Quarterly Financial Reporting Format - Trend Methodology 	<ul style="list-style-type: none"> - Look at demographic/geographic cuts of claim costs - Provide regional breakdown of trend (include Rx net of rebates) - Research other states financial reporting - what data/metrics do other states find valuable? - Reference-based pricing - Should the subcommittee establish a level of funding for future legislative actions? - Provide total cost share pie chart (shown in 10/25 P&P subcommittee meeting) - Medical administrative fees - amount and % of total cost? 	<ul style="list-style-type: none"> - Review demographic/geographic cuts of claim costs - Provide regional breakdown of claim cost/trend - Provide GHIP quarterly claims exhibit net of Rx rebates - Review components of national health care trend (price, utilization) - Provide total cost share pie chart (shown in 10/25 P&P subcommittee meeting) - Medical administrative fees - amount and % of total cost? 	<ul style="list-style-type: none"> - Premium Increases - Measuring savings for adopted programs (e.g., site of care steerage) - Walk through quarterly reporting (what does the data suggest are the GHIP's problems and opportunities for short/long-term focus?) - Research other states financial reporting - what data/metrics do other states find valuable? 	<ul style="list-style-type: none"> - Reference-based pricing - Pricing equity - Should the subcommittee establish a level of funding for future legislative actions? 		<ul style="list-style-type: none"> - Reference-based pricing - Should the subcommittee establish a level of funding for future legislative actions?
11/7/2018	<ul style="list-style-type: none"> - Updates from October 25th - FY18 Q4 Dashboard and Incurred Reporting Overview - Reserve, Claim Liability & Surplus Methodology Discussion 		<ul style="list-style-type: none"> - Estimated participating group fees in aggregate - Provide commentary on how specialty drug costs vary by place of care and what other employer's are doing to address these costs - IBM Watson Health to determine if prior quarter net paid amounts can be added to top clinical conditions in incurred reporting - IBM Watson Health to determine if HCC exhibit in quarterly dashboard can be broken down by claimant status (e.g., termed vs ongoing) 	<ul style="list-style-type: none"> - Develop reporting baseline for initiatives that may be adopted for FY20 (and beyond) - Establish reporting metrics to track recent GHIP initiatives (i.e., site of care steerage) - Continued discussion of minimum reserve methodology; model and evaluate alternative methodologies - Continued discussion of use of surplus; consider spreading over 2-3 years 	<ul style="list-style-type: none"> - Review detailed incurred utilization report once per year 		<ul style="list-style-type: none"> - Approved change to summary at the bottom of Fund Equity exhibit; will be reflected in October Fund report
12/4/2018	<ul style="list-style-type: none"> - Updates from November 7th - October Fund Report - FY19 Q1 Reporting and Reforecasted Long Term Projection - Reserve and Surplus Modeling 	<ul style="list-style-type: none"> - Review past SEBC discussions related to salary-banded employee contribution structure 	<ul style="list-style-type: none"> - Historical enrollment growth for GHIP - Circulate June 2017 document with enrollment distribution by salary (provide to both subcommittees) - Provide historical budget vs. actual results for last 5 to 10 years; track moving forward 	<ul style="list-style-type: none"> - During next meeting on 12/18, Financial Subcommittee to finalize recommendations regarding reserve methodology and use of surplus to bring to SEBC - For future long term projection exhibits, show the \$ impact range to employee for any modeled premium increases, as well as FY17 % change per member 			<ul style="list-style-type: none"> - Present October Fund Equity at 12/10 SEBC meeting - Present FY19 Q1 financial results and revised long term projections at 12/10 SEBC meeting

State of Delaware
 Financial Subcommittee Topic Tracking Log
 8/13/2020

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12/18/2018	- Updates from December 4th - FY20 Group Health Premium Rate Discussion - Reserve & Surplus Modeling Options & Recommendations	- Addition of two columns to premium increase modeling to show monthly and annual dollar changes for state - Addition of employee and state cost ranges to header on GHIP Long Term Projection modeling - Discussion/ decision by SEBC and Administration should Health Fund exhaust reserve and surplus	- Addition of two columns to premium increase modeling to show monthly and annual dollar changes for state - Addition of employee and state cost ranges to header on GHIP Long Term Projection modeling - Remodel premium projections using the \$9M savings recommended by HP&P Subcommittee				- Provide comments at 1/14 SEBC meeting related to the discussion/ decision by SEBC and Administration should Health Fund exhaust reserve and surplus
12/18/2018	- Updates from December 4th - FY20 Group Health Premium Rate Discussion - Reserve & Surplus Modeling Options & Recommendations	- Addition of two columns to premium increase modeling to show monthly and annual dollar changes for state - Addition of employee and state cost ranges to header on GHIP Long Term Projection modeling - Discussion/ decision by SEBC and Administration should Health Fund exhaust reserve and surplus	- Addition of two columns to premium increase modeling to show monthly and annual dollar changes for state - Addition of employee and state cost ranges to header on GHIP Long Term Projection modeling - Remodel premium projections using the \$9M savings recommended by HP&P Subcommittee				- Provide comments at 1/14 SEBC meeting related to the discussion/ decision by SEBC and Administration should Health Fund exhaust reserve and surplus
1/24/2019 Combined Meeting	- Updates from January 14 SEBC Meeting - Healthcare Cost Landscape Analysis and Discussion - Healthcare Cost Containment Strategies	- consider ways to engage employees on work being done	- Breakout of hospital profits by for-profit and non-profit - Adjust hospital prices for the labor market and Case Mix index - whether other states utilized legislation or program adjustments to contain costs - Highmark and Aetna pricing for the existing RBP plans	- Explore opportunities to address pricing concerns in the contracting renewal process with Highmark and Aetna that begins July 1 - Consider ways to engage employees on work being done			- Explore global budgeting - Explore ACO options
2/7/2019	- Updates from January 24 joint Subcommittee Meeting - December Fund Report - FY19 Qtr 2 Financial Reporting - GHIP Long Term Projection Recast	- How do DE hospitals define investments	- How do DE hospitals define investments - Breakout HCC into chronic utilizers vs one-time claims over \$100k - Add benchmark to Well-Care and Preventive visits in IBM dashboards - Rate increase options in one pager, model rate increase of 5% (national trend), model how proposed changes impact member's out-of-pocket costs - Details of ESI savings at plan level				

State of Delaware
 Financial Subcommittee Topic Tracking Log
 8/13/2020

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3/7/2019	<ul style="list-style-type: none"> - Updates from February 7 - January Fund Report - GHIP Long Term Projection Recast - GHIP Utilization and Cost Reporting - HSA Planning 		<ul style="list-style-type: none"> - Historical projections vs actuals - Report urgent care utilization during nights and weekends - Is facility fee included in UC avg cost of visit - Primary care spend by provider type and percentage of total spend - Outcomes of high utilization engagement for Aetna and Highmark - Highmark and Aetna value based contracts and number of participating providers - myBenefitsMentor migration analysis - HSA plans implemented in other states 				
5/2/2019	<ul style="list-style-type: none"> - Updates from March 7 - March Fund Report - FY19 Q3 Financial Reporting - FY19 Health Plan Premium Recommendations - HSA Planning 		<ul style="list-style-type: none"> - State share for proposed rate increases - FY20 new FTEs and impact to growth rate - Number of employees who left state service within the last year 				<ul style="list-style-type: none"> - FY19 Health Plan Premium Recommendations
6/6/2019	<ul style="list-style-type: none"> - Updates from May 2 - April Fund Report - FY20 Premium Recommendations - HSA Planning - SurgeryPlus Implementation 		<ul style="list-style-type: none"> - COE baseline reporting and every 6 months post go live - SurgeryPlus utilization projection 				<ul style="list-style-type: none"> - Health Savings Account Planning - SurgeryPlus Implementation - FY20 Premium Recommendations
8/22/2019	<ul style="list-style-type: none"> - Updates from June 6 - May and June Fund Reports - FY19 Q4 Financials - FY20 GHIP Budget - Excise Tax/Updated LT projections 						<ul style="list-style-type: none"> - FY20 Budget
9/19/2019 Combined Meeting	<ul style="list-style-type: none"> - Updates from August 22 - July Fund Report - Approaches to Health Care Contracting 		<ul style="list-style-type: none"> - Reason why program fees/costs and consultants fees above budget 	<ul style="list-style-type: none"> - Details of Oregon balance billing legislation - How did states with RBP determine percentage of Medicare rates - What is percentage of population in DE HCCD - In the RAND study 2.0, reason why percentage of Medicare decreased for Michigan 			

State of Delaware
 Financial Subcommittee Topic Tracking Log
 8/13/2020

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11/7/2019	<ul style="list-style-type: none"> - Updates from September 19 - August and September Fund Reports - FY20 Q1 Financials - GHIP Long Term Projection recast - FY21 health premium rates - Prescription Program-policy and contracting updates 		<ul style="list-style-type: none"> - compliance metric for screenings for chronic condition prevalence separated by controlled and uncontrolled populations - IBM dashboards to show paid amounts for service categories/conditions as percentage - SurgeryPlus reporting include rate of consultation that doesn't result in surgery 				
12/5/2019	<ul style="list-style-type: none"> - Updates from November 7 - October Fund Report - Plan Migration Analysis - Incurred and High Cost Claimant Reporting - GHIP Impact Analysis - SBO Strategic Framework 		<ul style="list-style-type: none"> - MBM Usage data for prior years - plan enrollment by usage/non-usage of mBM tool - office visit utilization breakdown - ED useage breakdown b/t emergent/non-emergent - NJ reverse auction for PBM services. SBO to investigate - HCC in 2015 - breakdown of current HCCs by member type - add benchmark data to preventive screenings - validate savings assumptions for plan design changes and new programs - WTW to determine if HCC limit should be \$100k - reason for increase in pharmacy- cost or utilization 				
2/13/2020 Combined Meeting	<ul style="list-style-type: none"> - Updates from January 9 - November and December Fund Reports - FY20 Q2 Financials - GHIP Long Term Projection recast - FY21 health premium rates 		<ul style="list-style-type: none"> - additional modeling for rate increase to show \$0 at end of FY22 for both a 10/1 and 1/1 effective date 				

State of Delaware
 Health Policy & Planning Subcommittee Topic Tracking Log
 8/13/2020

Meeting Date	Agenda Topic(s)	New Topic(s)	Quick Hits (Follow-ups Outside of Meeting)	Short Term FY20 Focus Topics	Long Term Focus Topics	No Longer Consider	Move to/Receive direction from SEBC
	<i>Planned discussion topics for this date's meeting</i>	<i>Topics brought up during the meeting for further consideration</i>	<i>Follow-up to be sent to subcommittee after discussion</i>	<i>Topic determined for continued subcommittee dialogue</i>	<i>Topic tabled for longer term consideration</i>	<i>Agreed upon to cease discussion of topic</i>	<i>Decision to move topic for presentation and potential approval/receive direction from SEBC</i>
10/25/2018	<ul style="list-style-type: none"> - Committee Business Rules - Overview of GHIP Planning Discussions with SEBC - FY20 Planning - Short Term Opportunities 	<ul style="list-style-type: none"> - Details on demographic shifts - Refresher on Health Plan Task Force report and current state analysis conducted in FY17 (health risk/utilization vs. benchmarks) - How "access" is defined in strategic framework - How tactics align to each strategy within the strategic framework - Revisit new proposed goals within the strategic framework - Local Hospital cost (in executive session) - Reference-based pricing (opportunities, balance billing, and comparison to Medicare costs, other state models - NC, MT, health care claims database - purpose & timing) - PCP attribution / value of annual physicals / on-site clinics and other primary care options ("direct primary care", mobile units, TPA ability to support) - Engagement planning (definition, opportunities to improve, cohort/pilot studies, how measured) - Value-based care (definition, options for consideration, early outcomes, State-level initiatives, TPA ability to support) - Plan mix/options (choice, traditional vs. consumer-directed, network & TPA options) - Program incentives (types, alignment with goals / population or cohort needs, delivery methods) - Education/programs targeted at specific population need - Management of cost based on behavior/lifestyle (i.e., tobacco usage) 	<ul style="list-style-type: none"> - Details on demographic shifts - Refresher on Health Plan Task Force report and current state analysis conducted in FY17 (health risk/utilization vs. benchmarks) - How "access" is defined in strategic framework - How tactics align to each strategy within the strategic framework - Summary of subcommittee feedback on / prioritization of GHIP influencing levers 	<ul style="list-style-type: none"> - Site of Care Steerage (including opportunities, total and member-paid cost differentials for services) - Centers of Excellence Specifics (plan design, incentives, scope of COE-eligible procedures) 	<ul style="list-style-type: none"> - Revisit new proposed goals within the strategic framework - Local Hospital cost (in executive session) - Reference-based pricing (opportunities, balance billing, and comparison to Medicare costs, other state models - NC, MT, health care claims database - purpose & timing) - PCP attribution / value of annual physicals / on-site clinics and other primary care options ("direct primary care", mobile units, TPA ability to support) - Engagement planning (definition, opportunities to improve, cohort/pilot studies, how measured) - Value-based care (definition, options for consideration, early outcomes, State-level initiatives, TPA ability to support) - Plan mix/options (choice, traditional vs. consumer-directed, network & TPA options) - Program incentives (types, alignment with goals / population or cohort needs, delivery methods) - Education/programs targeted at specific population need - Management of cost based on behavior/lifestyle (i.e., tobacco usage) 		<ul style="list-style-type: none"> - Local Hospital cost (in executive session) - Reference-based pricing (opportunities, balance billing, and comparison to Medicare costs, other state models - NC, MT, health care claims database - purpose & timing)
11/7/2018	<ul style="list-style-type: none"> - Updates from the October 25th Plan Design - Centers of Excellence (COE) Plan Design 	none	<ul style="list-style-type: none"> - Analysis of potential claim-savings/cost avoided for use of non-COEs vs. COEs presented previously to the SEBC. 	<ul style="list-style-type: none"> - COE travel allowance, communications and considerations for requiring member contact with SurgeryPlus prior to surgery 	<ul style="list-style-type: none"> - Reference-based pricing (continued dialogue including the points noted for this topic above) 		<ul style="list-style-type: none"> - Reference-based pricing (continued dialogue including the points noted for this topic above)

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Meeting Date	Agenda Topic(s)	New Topic(s)	Quick Hits (Follow-ups Outside of Meeting)	Short Term FY20 Focus Topics	Long Term Focus Topics	No Longer Consider	Move to/Receive direction from SEBC
12/4/2018	<ul style="list-style-type: none"> - Updates from November 7th - FY20 Planning - Open Enrollment Employee Engagement - FY20 Planning - Site of Care Steerage 	<ul style="list-style-type: none"> - Analysis and recommendations for population cohorts to support engagement planning (ways to define - demographics, risk status, occupation, etc., goals for engagement, measurement strategy) - Further dialogue on freestanding imaging facilities (info available on SBO website, locations throughout the State, how promoted among employees today, subcommittee suggestions for future communication strategy, updates on recent developments in Sussex County) - Updates from Primary Care Coalition meetings, direct primary care options and updates on R-Health relationship with State of NJ - Overview of diabetes health management resources available within the GHIP (current and future opportunities) - Update on COE plan design, incentives and engagement strategy (in January 2019) - Review opportunities to further engage and track engagement of Participating Groups - Identify and analyze employees who do not engage in OE - Review ability to market FQHCs - Analyze demographics of users of primary care, urgent care, no care and correlation to chronic disease and health risk - Consider ways to collaborate with non-hospital facilities to encourage greater utilization 	<ul style="list-style-type: none"> - Recirculate data on primary care access and utilization within the GHIP (PCP attribution rate, % population with at least 1 PCP visit, etc.) - Provide agency scorecard template - Provide recent Health Resources Board approvals 	<ul style="list-style-type: none"> - Further dialogue on freestanding imaging facilities (info available on SBO website, locations throughout the State, how promoted among employees today, subcommittee suggestions for future communication strategy, updates on recent developments in Sussex County) - Review site of care website materials and non-hospital sites - Updates from Primary Care Coalition meetings and on SBO discussions with R-Health (early 2019) - Overview of diabetes health management resources available within the GHIP (current and future opportunities) - Update on COE plan design, incentives and engagement strategy (in January 2019) 	<ul style="list-style-type: none"> - Analysis and recommendations for population cohorts to support engagement planning (ways to define - demographics, risk status, occupation, etc., goals for engagement, measurement strategy) - explore options to increase access and use of primary care such as direct primary care - Updates from Primary Care Coalition meetings, direct primary care options and updates on R-Health relationship with State of NJ - Review opportunities to further engage and track engagement of Participating Groups - Identify and analyze employees who do not engage in OE - Analyze demographics of users of primary care, urgent care, no care and correlation to chronic disease and health risk - Consider ways to collaborate with non-hospital facilities to encourage greater utilization 		
12/18/2018	<ul style="list-style-type: none"> - Updates from December 4th - FY20 Planning - Diabetes Programming Options & Recommendations - FY20 Planning - Site of Care and Telemedicine Steerage Options & Recommendations 	<ul style="list-style-type: none"> - PMPM costs for diabetics vs entire population - Further analysis of PCP visit information to distinguish between well and sick visits - Analysis of diagnosis codes to determine difference between lifestyle choices and generics for diabetic members - SBO website information- list of freestanding imaging centers in DE (include urgent care and lab) - Overview of PCP landscape in DE and how its changed overtime - DE Health Care Commission Telehealth meetings 	<ul style="list-style-type: none"> - SBO website information- list of freestanding imaging centers in DE (include urgent care and lab) - DE Health Care Commission Telehealth meetings 	<ul style="list-style-type: none"> - PMPM costs for diabetics vs entire population - Further analysis of PCP visit information to distinguish between well and sick visits - Analysis of diagnosis codes to determine difference between lifestyle choices and generics for diabetic members - Overview of PCP landscape in DE and how its changed overtime 			<ul style="list-style-type: none"> - Present site of care and diabetes program recommendations at 1/14 SEBC meeting


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Meeting Date	Agenda Topic(s)	New Topic(s)	Quick Hits (Follow-ups Outside of Meeting)	Short Term FY20 Focus Topics	Long Term Focus Topics	No Longer Consider	Move to/Receive direction from SEBC
1/24/2019 Combined Meeting	<ul style="list-style-type: none"> - Updates from January 14 SEBC Meeting - Healthcare Cost Landscape Analysis and Discussion - Healthcare Cost Containment Strategies 	<ul style="list-style-type: none"> - consider ways to engage employees on work being done 	<ul style="list-style-type: none"> - Breakout of hospital profits by for-profit and non-profit - Adjust hospital prices for the labor market and Case Mix index - whether other states utilized legislation or program adjustments to contain costs - Highmark and Aetna pricing for the existing RBP plans 	<ul style="list-style-type: none"> - Explore opportunities to address pricing concerns in the contracting renewal process with Highmark and Aetna that begins July 1 - Consider ways to engage employees on work being done 			<ul style="list-style-type: none"> - Explore global budgeting - Explore ACO options
2/7/2019	<ul style="list-style-type: none"> - Updates from January 24 joint Subcommittee Meeting - Fertility Care/IVF Services - Health Savings Account Planning - Primary Care Landscape 		<ul style="list-style-type: none"> - Infertility studies regarding medications and cardiac and cancer risks - Aetna and Highmark open PCP panels - Number of Highmark in-network PCP providers - Patients ability to get appointments with their PCP 				
3/7/2019	<ul style="list-style-type: none"> - Updates from Feb 7 - Fertility Care/IVF Services - Health Savings Account Planning - Supplemental Benefits 		<ul style="list-style-type: none"> - Data analytics for employee turnover - Retirement HRA availability for separated and/or retired employees - Outreach for member input regarding HSA plan - HRA funds rights for vested vs non-vested employees - Wellness incentivized offered by other states - Communicate with sponsors of Supplemental Benefits legislation 				

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Meeting Date	Agenda Topic(s)	New Topic(s)	Quick Hits (Follow-ups Outside of Meeting)	Short Term FY20 Focus Topics	Long Term Focus Topics	No Longer Consider	Move to/Receive direction from SEBC
4/4/2019	- Updates from March 7 - Fertility Care/IVF Services - Health Savings Account Planning - Supplemental Benefits		- For Highmark members, did they do in or out of network for fertility services - CDH Gold members age and years of service - Survey CDH members with HRA balances				- Supplemental Benefits
5/2/2019	- Updates from April 4 - Fertility Care/IVF Services - Health Savings Account Planning		- FY20 Subcommittee topics		- Reference based pricing (what it looks like in DE)		- Fertility Care/IVF Services
6/6/2019	- Updates from May 2 - Health Savings Account Planning - SurgeryPlus Implementation		- OE Stats - mBM stats - Plan migration analysis - ability to audit SurgeryPlus credentialing process- build into contract		- Prohibition of balance billing related to RBP - CON Process		- Health Savings Account Planning - SurgeryPlus Implementation
8/22/2019	- Updates from June 6 - Primary Care		- define urban, suburban, rural - Highmark/Aetna PCP network changes	- R Health and NJ partnership/presentation			
9/19/2019 Combined Meeting	- Updates from August 22 - July Fund Report - Approaches to Health Care Contracting		- Reason why program fees/costs and consultants fees above budget	- Details of Oregon balance billing legislation - How did states with RBP determine percentage of Medicare rates - What is percentage of population in DE HCCD - In the RAND study 2.0, reason why percentage of Medicare decreased for Michigan			

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Meeting Date	Agenda Topic(s)	New Topic(s)	Quick Hits (Follow-ups Outside of Meeting)	Short Term FY20 Focus Topics	Long Term Focus Topics	No Longer Consider	Move to/Receive direction from SEBC
10/10/2019	<ul style="list-style-type: none"> - Updates from Sept 19 - August Fund Report - Opioid Management Initiatives - Integrated Well Being - Health Program E&E Rules - Primary Care 		<ul style="list-style-type: none"> - Opioid mgmt programs offered through medical plans; connecting ESI AOM program with medical care mgmt programs; ESI fund allowance and available programs for use - other states who offer payday loans - percentage of employees who live in each county 				
11/7/2019	<ul style="list-style-type: none"> - Updates from October 10 - Primary Care & R-Health - Opioid Management Initiatives 		<ul style="list-style-type: none"> - various follow-up questions for R-Health 				
12/5/2019	<ul style="list-style-type: none"> - Updates from November 7 - Primary Care - SBO Strategic Framework 		<ul style="list-style-type: none"> - State partnerships with other primary care vendors/models - Invite telehealth and primary care model vendors to future meeting - SBO to discuss strategies/approaches with TPAs and telemed vendors - SBO to discuss options to further communicate/educate members on existing telehealth benefits 				
1/9/2020	<ul style="list-style-type: none"> - Updates from December 5 - Primary Care- Cerner & American Well 						

State of Delaware Health Fund

Monthly Statement

April 2020

OPERATING REVENUES	April		April Budget		Variance		YTD Actual		YTD Budget		Variance	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Premium Contributions												
Highmark	\$ 53,360,065	70.27%	\$ 53,525,823	69.13%	\$ (165,758)	-0.31%	\$ 533,333,741	67.50%	\$ 532,868,471	68.20%	\$ 465,270	0.09%
Aetna	\$ 15,781,371	20.78%	\$ 16,107,914	20.80%	\$ (326,544)	-2.03%	\$ 157,884,021	19.98%	\$ 160,359,978	20.52%	\$ (2,475,956)	-1.54%
Total Premium Contributions	\$ 69,141,436	91.05%	\$ 69,633,737	89.94%	\$ (492,301)	-0.71%	\$ 691,217,762	87.49%	\$ 693,228,448	88.72%	\$ (2,010,686)	-0.29%
Other Revenues												
Medicare Retiree RX Prog. (EGWP) Direct Subsidy	\$ 176,961	0.23%	\$ 166,048	0.21%	\$ 10,914	6.57%	\$ 2,226,339	0.28%	\$ 2,317,482	0.30%	\$ (91,143)	-3.93%
Federal Reinsurance	\$ 1,090,516	1.44%	\$ 1,467,249	1.90%	\$ (376,733)	-25.68%	\$ 16,370,071	2.07%	\$ 11,359,245	1%	\$ 5,010,826	44.11%
Prescription Drug Rebates (Commercial)	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 32,580,307	4.12%	\$ 29,325,418	3.75%	\$ 3,254,889	11.10%
Prescription Drug Rebates (EGWP)	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 21,240,223	2.69%	\$ 19,155,403	2.45%	\$ 2,084,820	10.88%
Prescription True Up/Yr End Recon Pymts	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 12,575	0.00%	\$ -	0.00%	\$ 12,575	0.00%
Medicare Part D Coverage Gap Discount	\$ 5,020,586	6.61%	\$ 5,655,827	7.30%	\$ (635,240)	-11.23%	\$ 18,206,709	2.30%	\$ 20,996,179	2.69%	\$ (2,789,470)	-13.29%
Participating Group Fees	\$ 475,642	0.63%	\$ 501,367	0.65%	\$ (25,726)	-5.13%	\$ 4,988,068	0.63%	\$ 4,991,291	0.64%	\$ (3,223)	-0.06%
Other Revenues	\$ 29,969	0.04%	\$ -	0.00%	\$ 29,969	0.00%	\$ 3,229,114	0.41%	\$ -	0.00%	\$ 3,229,114	0.00%
Total Other Revenues	\$ 6,793,674	8.95%	\$ 7,790,491	10.06%	\$ (996,816)	-12.80%	\$ 98,853,405	12.51%	\$ 88,145,018	11.28%	\$ 10,708,387	12.15%
Total Operating Revenues	\$ 75,935,110		\$ 77,424,228		\$ (1,489,118)	-1.92%	\$ 790,071,168		\$ 781,373,466		\$ 8,697,701	1.11%
OPERATING EXPENSES												
Claims												
Highmark	\$ 34,702,582	48.57%	\$ 48,940,729	56.69%	\$ (14,238,147)	-29.09%	\$ 385,171,945	48.65%	\$ 400,538,608	51.20%	\$ (15,366,663)	-3.84%
Aetna	\$ 9,455,990	13.23%	\$ 12,242,755	14.18%	\$ (2,786,766)	-22.76%	\$ 125,423,342	15.84%	\$ 122,185,101	15.62%	\$ 3,238,241	2.65%
Express Scripts (non-Plan D)	\$ 12,611,035	17.65%	\$ 11,792,256	13.66%	\$ 818,779	6.94%	\$ 132,045,907	16.68%	\$ 122,148,274	15.61%	\$ 9,897,632	8.10%
Express Scripts (Plan D)	\$ 10,965,240	15.35%	\$ 10,043,814	11.63%	\$ 921,426	9.17%	\$ 113,163,110	14.29%	\$ 104,037,308	13.30%	\$ 9,125,802	8.77%
Surgery Plus	\$ 139,265	0.19%	\$ -	0.00%	\$ 139,265	0.00%	\$ 562,970	0.07%	\$ -	0.00%	\$ 562,970	0.00%
Total Claims	\$ 67,874,112	94.99%	\$ 83,019,554	96.16%	\$ (15,145,442)	-18.24%	\$ 756,367,274	95.53%	\$ 748,909,292	95.74%	\$ 7,457,982	1.00%
Other Expenses												
Program Fees and Costs (Vendor ASO Fees)	\$ 3,001,459	4.20%	\$ 2,905,294	3.37%	\$ 96,165	3.31%	\$ 30,431,028	3.84%	\$ 28,923,228	3.70%	\$ 1,507,800	5.21%
Office Expenses	\$ 257,552	0.36%	\$ 206,994	0.24%	\$ 50,558	24.42%	\$ 2,051,563	0.26%	\$ 2,069,945	0.26%	\$ (18,382)	-0.89%
Employee Assistance	\$ 42,755	0.06%	\$ 30,799	0.04%	\$ 11,956	38.82%	\$ 323,921	0.04%	\$ 307,989	0.04%	\$ 15,932	5.17%
Data Warehouse	\$ 139,256	0.19%	\$ 42,052	0.05%	\$ 97,203	231.15%	\$ 760,096	0.10%	\$ 420,523	0.05%	\$ 339,573	80.75%
Consultant Fees	\$ 134,113	0.19%	\$ 125,000	0.14%	\$ 9,113	7.29%	\$ 1,410,888	0.18%	\$ 1,250,000	0.16%	\$ 160,888	12.87%
COBRA Fees	\$ 6,604	0.01%	\$ 5,665	0.01%	\$ 939	16.57%	\$ 63,460	0.01%	\$ 56,649	0.01%	\$ 6,811	12.02%
ACA Fees	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 354,594	0.04%	\$ 324,430	0.04%	\$ 30,164	9.30%
Total Other Expenses	\$ 3,581,739	5.01%	\$ 3,315,805	3.84%	\$ 265,934	8.02%	\$ 35,395,549	4.47%	\$ 33,352,764	4.26%	\$ 2,042,785	6.12%
Total Operating Expenses	\$ 71,455,851		\$ 86,335,359		\$ (14,879,508)	-17.23%	\$ 791,762,823		\$ 782,262,056		\$ 9,500,767	1.21%
Net Income	\$ 4,479,259		\$ (8,911,131)		\$ 13,390,390		\$ (1,691,656)		\$ (888,590)		\$ (803,066)	
Balance Forward	\$ 157,586,406		\$ 171,779,862				\$ 163,757,321		\$ 163,757,321			
Fund Equity Balance	\$ 162,065,665		\$ 162,868,731		\$ (803,066)	-0.49%	\$ 162,065,665		\$ 162,868,731		\$ (803,066)	-0.49%
Average Members	129,084		128,282		802	0.63%						

	Target	YTD				End of Year			
		Budget	Actual	Variance		Budget	Forecast*	Variance	
				\$	%			\$	%
Fund Equity	\$ 81,800,000	\$ 162,868,731	\$ 162,065,665	\$ (803,066)	0%	\$ 157,464,099	\$ 156,661,033	\$ (803,066)	-1%
Claim Liability	\$ 57,500,000	\$ 57,500,000	\$ 57,500,000	\$ -	0%	\$ 57,500,000	\$ 57,500,000	\$ -	0%
Minimum Reserve	\$ 24,300,000	\$ 24,300,000	\$ 24,300,000	\$ -	0%	\$ 24,300,000	\$ 24,300,000	\$ -	0%
Surplus/(Deficit)	\$ -	\$ 81,068,731	\$ 80,265,665	\$ (803,066)	-1%	\$ 75,664,099	\$ 74,861,033	\$ (803,066)	-1%

State of Delaware Health Fund Monthly Statement May 2020

OPERATING REVENUES	May		May Budget		Variance		YTD Actual		YTD Budget		Variance	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Premium Contributions												
Highmark	\$ 53,799,351	60.02%	\$ 53,525,823	59.54%	\$ 273,528	0.51%	\$ 587,133,092	66.74%	\$ 586,394,294	67.30%	\$ 738,798	0.13%
Aetna	\$ 15,789,993	17.62%	\$ 16,107,914	17.92%	\$ (317,922)	-1.97%	\$ 173,674,014	19.74%	\$ 176,467,892	20.25%	\$ (2,793,878)	-1.58%
Total Premium Contributions	\$ 69,589,343	77.64%	\$ 69,633,737	77.46%	\$ (44,394)	-0.06%	\$ 760,807,106	86.48%	\$ 762,862,186	87.56%	\$ (2,055,080)	-0.27%
Other Revenues												
Medicare Retiree RX Prog. (EGWP) Direct Subsidy	\$ 170,782	0.19%	\$ 166,048	0.18%	\$ 4,735	2.85%	\$ 2,397,121	0.27%	\$ 2,483,529	0.29%	\$ (86,409)	-3.48%
Federal Reinsurance	\$ 1,094,919	1.22%	\$ 1,467,249	1.63%	\$ (372,330)	-25.38%	\$ 17,464,990	1.99%	\$ 12,826,494	1%	\$ 4,638,496	36.16%
Prescription Drug Rebates (Commercial)	\$ 10,565,933	11.79%	\$ 10,967,639	12.20%	\$ (401,706)	-3.66%	\$ 43,146,240	4.90%	\$ 40,293,057	4.62%	\$ 2,853,183	7.08%
Prescription Drug Rebates (EGWP)	\$ 7,316,464	8.16%	\$ 7,164,076	7.97%	\$ 152,388	2.13%	\$ 28,556,687	3.25%	\$ 26,319,480	3.02%	\$ 2,237,208	8.50%
Prescription True Up/Yr End Recon Pymts	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 12,575	0.00%	\$ -	0.00%	\$ 12,575	0.00%
Medicare Part D Coverage Gap Discount	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 18,206,709	2.07%	\$ 20,996,179	2.41%	\$ (2,789,470)	-13.29%
Participating Group Fees	\$ 510,013	0.57%	\$ 501,367	0.56%	\$ 8,646	1.72%	\$ 5,498,081	0.62%	\$ 5,492,658	0.63%	\$ 5,423	0.10%
Other Revenues	\$ 381,505	0.43%	\$ -	0.00%	\$ 381,505	0.00%	\$ 3,610,619	0.41%	\$ -	0.00%	\$ 3,610,619	0.00%
Total Other Revenues	\$ 20,039,617	22.36%	\$ 20,266,379	22.54%	\$ (226,762)	-1.12%	\$ 118,893,023	13.52%	\$ 108,411,397	12.44%	\$ 10,481,626	9.67%
Total Operating Revenues	\$ 89,628,961		\$ 89,900,116		\$ (271,156)	-0.30%	\$ 879,700,128		\$ 871,273,582		\$ 8,426,546	0.97%
OPERATING EXPENSES												
Claims												
Highmark	\$ 23,479,833	39.70%	\$ 39,152,583	49.18%	\$ (15,672,750)	-40.03%	\$ 408,651,778	48.03%	\$ 439,691,191	51.02%	\$ (31,039,413)	-7.06%
Aetna	\$ 9,128,067	15.43%	\$ 15,303,444	19.22%	\$ (6,175,377)	-40.35%	\$ 134,551,409	15.81%	\$ 137,488,546	15.95%	\$ (2,937,136)	-2.14%
Express Scripts (non-Plan D)	\$ 12,066,087	20.40%	\$ 11,792,256	14.81%	\$ 273,831	2.32%	\$ 144,111,994	16.94%	\$ 133,940,530	15.54%	\$ 10,171,463	7.59%
Express Scripts (Plan D)	\$ 10,668,633	18.04%	\$ 10,043,814	12.62%	\$ 624,819	6.22%	\$ 123,831,743	14.55%	\$ 114,081,122	13.24%	\$ 9,750,621	8.55%
Surgery Plus	\$ 104,349	0.18%	\$ -	0.00%	\$ 104,349		\$ 667,318	0.08%	\$ -	0.00%	\$ 667,318	
Total Claims	\$ 55,446,969	93.76%	\$ 76,292,097	95.83%	\$ (20,845,128)	-27.32%	\$ 811,814,243	95.41%	\$ 825,201,389	95.75%	\$ (13,387,146)	-1.62%
Other Expenses												
Program Fees and Costs (Vendor ASO Fees)	\$ 2,930,047	4.95%	\$ 2,905,294	3.65%	\$ 24,753	0.85%	\$ 33,361,075	3.92%	\$ 31,828,522	3.69%	\$ 1,532,553	4.82%
Office Expenses	\$ 569,493	0.96%	\$ 206,994	0.26%	\$ 362,499	175.12%	\$ 2,621,056	0.31%	\$ 2,276,939	0.26%	\$ 344,117	15.11%
Employee Assistance	\$ 37,092	0.06%	\$ 30,799	0.04%	\$ 6,293	20.43%	\$ 361,012	0.04%	\$ 338,788	0.04%	\$ 22,224	6.56%
Data Warehouse	\$ 37,606	0.06%	\$ 42,052	0.05%	\$ (4,447)	-10.57%	\$ 797,702	0.09%	\$ 462,576	0.05%	\$ 335,126	72.45%
Consultant Fees	\$ 114,416	0.19%	\$ 125,000	0.16%	\$ (10,584)	-8.47%	\$ 1,525,304	0.18%	\$ 1,375,000	0.16%	\$ 150,304	10.93%
COBRA Fees	\$ 4,511	0.01%	\$ 5,665	0.01%	\$ (1,154)	-20.37%	\$ 67,971	0.01%	\$ 62,314	0.01%	\$ 5,658	9.08%
ACA Fees	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 354,594	0.04%	\$ 324,430	0.04%	\$ 30,164	9.30%
Total Other Expenses	\$ 3,693,165	6.24%	\$ 3,315,805	4.17%	\$ 377,360	11.38%	\$ 39,088,714	4.59%	\$ 36,668,569	4.25%	\$ 2,420,145	6.60%
Total Operating Expenses	\$ 59,140,134		\$ 79,607,902		\$ (20,467,768)	-25.71%	\$ 850,902,957		\$ 861,869,958		\$ (10,967,001)	-1.27%
Net Income	\$ 30,488,827		\$ 10,292,215		\$ 20,196,612		\$ 28,797,171		\$ 9,403,625		\$ 19,393,546	
Balance Forward	\$ 162,065,665		\$ 162,868,731				\$ 163,757,321		\$ 163,757,321			
Fund Equity Balance	\$ 192,554,492		\$ 173,160,946		\$ 19,393,546	11.20%	\$ 192,554,492		\$ 173,160,946		\$ 19,393,546	11.20%
Average Members	129,084		128,282		802	0.63%						

	Target	YTD				End of Year			
		Budget	Actual	Variance		Budget	Forecast*	Variance	
				\$	%			\$	%
Fund Equity	\$ 81,800,000	\$ 173,160,946	\$ 192,554,492	\$ 19,393,546	11%	\$ 157,464,099	\$ 176,857,646	\$ 19,393,546	12%
Claim Liability	\$ 57,500,000	\$ 57,500,000	\$ 57,500,000	\$ -	0%	\$ 57,500,000	\$ 57,500,000	\$ -	0%
Minimum Reserve	\$ 24,300,000	\$ 24,300,000	\$ 24,300,000	\$ -	0%	\$ 24,300,000	\$ 24,300,000	\$ -	0%
Surplus/(Deficit)	\$ -	\$ 91,360,946	\$ 110,754,492	\$ 19,393,546	21%	\$ 75,664,099	\$ 95,057,646	\$ 19,393,546	26%

State of Delaware Health Fund Monthly Statement June 2020

OPERATING REVENUES	June		June Budget		Variance		YTD Actual		YTD Budget		Variance	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Premium Contributions												
Highmark	\$ 54,038,310	73.07%	\$ 53,525,823	74.58%	\$ 512,487	0.96%	\$ 641,171,402	67.23%	\$ 639,920,116	67.86%	\$ 1,251,285	0.20%
Aetna	\$ 15,981,413	21.61%	\$ 16,107,914	22.44%	\$ (126,502)	-0.79%	\$ 189,655,427	19.89%	\$ 192,575,807	20.42%	\$ (2,920,380)	-1.52%
Total Premium Contributions	\$ 70,019,723	94.68%	\$ 69,633,737	97.03%	\$ 385,985	0.55%	\$ 830,826,828	87.12%	\$ 832,495,923	88.28%	\$ (1,669,095)	-0.20%
Other Revenues												
Medicare Retiree RX Prog. (EGWP) Direct Subsidy	\$ 191,328	0.26%	\$ 166,048	0.23%	\$ 25,281	15.22%	\$ 2,588,449	0.27%	\$ 2,649,577	0.28%	\$ (61,128)	-2.31%
Federal Reinsurance	\$ 1,093,288	1.48%	\$ 1,467,249	2.04%	\$ (373,961)	-25.49%	\$ 18,558,279	1.95%	\$ 14,293,743	2%	\$ 4,264,536	29.83%
Prescription Drug Rebates (Commercial)	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 43,146,240	4.52%	\$ 40,293,057	4.27%	\$ 2,853,183	7.08%
Prescription Drug Rebates (EGWP)	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 28,556,687	2.99%	\$ 26,319,480	2.79%	\$ 2,237,208	8.50%
Prescription True Up/Yr End Recon Pymts	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 12,575	0.00%	\$ -	0.00%	\$ 12,575	0.00%
Medicare Part D Coverage Gap Discount	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 18,206,709	1.91%	\$ 20,996,179	2.23%	\$ (2,789,470)	-13.29%
Participating Group Fees	\$ 523,708	0.71%	\$ 501,367	0.70%	\$ 22,340	4.46%	\$ 6,021,789	0.63%	\$ 5,994,026	0.64%	\$ 27,763	0.46%
Other Revenues	\$ 2,129,787	2.88%	\$ -	0.00%	\$ 2,129,787	0.00%	\$ 5,740,406	0.60%	\$ -	0.00%	\$ 5,740,406	0.00%
Total Other Revenues	\$ 3,938,111	5.32%	\$ 2,134,664	2.97%	\$ 1,803,447	84.48%	\$ 122,831,133	12.88%	\$ 110,546,061	11.72%	\$ 12,285,073	11.11%
Total Operating Revenues	\$ 73,957,833		\$ 71,768,401		\$ 2,189,432	3.05%	\$ 953,657,962		\$ 943,041,984		\$ 10,615,978	1.13%
OPERATING EXPENSES												
Claims												
Highmark	\$ 29,220,930	38.07%	\$ 39,152,583	44.76%	\$ (9,931,653)	-25.37%	\$ 437,872,708	47.20%	\$ 478,843,774	50.44%	\$ (40,971,066)	-8.56%
Aetna	\$ 9,310,741	12.13%	\$ 12,242,755	14.00%	\$ (2,932,014)	-23.95%	\$ 143,862,151	15.51%	\$ 149,731,301	15.77%	\$ (5,869,150)	-3.92%
Express Scripts (non-Plan D)	\$ 18,569,445	24.20%	\$ 17,688,384	20.22%	\$ 881,061	4.98%	\$ 162,681,439	17.54%	\$ 151,628,914	15.97%	\$ 11,052,525	7.29%
Express Scripts (Plan D)	\$ 15,888,707	20.70%	\$ 15,065,721	17.22%	\$ 822,986	5.46%	\$ 139,720,459	15.06%	\$ 129,146,843	13.60%	\$ 10,573,607	8.19%
Surgery Plus	\$ 13,584	0.02%	\$ -	0.00%	\$ 13,584		\$ 680,903	0.07%	\$ -	0.00%	\$ 680,903	
Total Claims	\$ 73,003,408	95.12%	\$ 84,149,443	96.21%	\$ (11,146,036)	-13.25%	\$ 884,817,650	95.38%	\$ 909,350,832	95.79%	\$ (24,533,182)	-2.70%
Other Expenses												
Program Fees and Costs (Vendor ASO Fees)	\$ 3,080,444	4.01%	\$ 2,905,294	3.32%	\$ 175,150	6.03%	\$ 36,441,518	3.93%	\$ 34,733,816	3.66%	\$ 1,707,703	4.92%
Office Expenses	\$ 351,381	0.46%	\$ 206,994	0.24%	\$ 144,386	69.75%	\$ 2,972,437	0.32%	\$ 2,483,934	0.26%	\$ 488,503	19.67%
Employee Assistance	\$ 37,244	0.05%	\$ 30,799	0.04%	\$ 6,445	20.93%	\$ 398,256	0.04%	\$ 369,587	0.04%	\$ 28,670	7.76%
Data Warehouse	\$ 132,162	0.17%	\$ 42,052	0.05%	\$ 90,109	214.28%	\$ 929,863	0.10%	\$ 504,628	0.05%	\$ 425,235	84.27%
Consultant Fees	\$ 136,916	0.18%	\$ 125,000	0.14%	\$ 11,916	9.53%	\$ 1,662,220	0.18%	\$ 1,500,000	0.16%	\$ 162,220	10.81%
COBRA Fees	\$ 7,017	0.01%	\$ 5,665	0.01%	\$ 1,352	23.87%	\$ 74,988	0.01%	\$ 67,979	0.01%	\$ 7,010	10.31%
ACA Fees	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 354,594	0.04%	\$ 324,430	0.03%	\$ 30,164	9.30%
Total Other Expenses	\$ 3,745,163	4.88%	\$ 3,315,805	3.79%	\$ 429,358	12.95%	\$ 42,833,877	4.62%	\$ 39,984,373	4.21%	\$ 2,849,504	7.13%
Total Operating Expenses	\$ 76,748,570		\$ 87,465,248		\$ (10,716,677)	-12.25%	\$ 927,651,527		\$ 949,335,205		\$ (21,683,678)	-2.28%
Net Income	\$ (2,790,737)		\$ (15,696,847)		\$ 12,906,110		\$ 26,006,434		\$ (6,293,222)		\$ 32,299,656	
Balance Forward	\$ 192,554,492		\$ 173,160,946				\$ 163,757,321		\$ 163,757,321			
Fund Equity Balance	\$ 189,763,755		\$ 157,464,099		\$ 32,299,656	20.51%	\$ 189,763,755		\$ 157,464,099		\$ 32,299,656	20.51%
Average Members	129,084		128,282		802	0.63%						

	Target	YTD				End of Year			
		Budget	Actual	Variance		Budget	Forecast*	Variance	
				\$	%			\$	%
Fund Equity	\$ 81,800,000	\$ 157,464,099	\$ 189,763,755	\$ 32,299,656	21%	\$ 157,464,099	\$ 189,763,755	\$ 32,299,656	21%
Claim Liability	\$ 57,500,000	\$ 57,500,000	\$ 57,500,000	\$ -	0%	\$ 57,500,000	\$ 57,500,000	\$ -	0%
Minimum Reserve	\$ 24,300,000	\$ 24,300,000	\$ 24,300,000	\$ -	0%	\$ 24,300,000	\$ 24,300,000	\$ -	0%
Surplus/(Deficit)	\$ -	\$ 75,664,099	\$ 107,963,755	\$ 32,299,656	43%	\$ 75,664,099	\$ 107,963,755	\$ 32,299,656	43%

State of Delaware - Quarterly Financial Reporting

FY20 Q4 Cost Analysis

August 2020

State of Delaware

Health Plan Quarterly Financial Reporting

FY20 Q4 Plan Cost Analysis

Summary plan information

- FY20 compared to FY19:

Summary (total)	FY20			FY19			% Change		
	Medical	Rx	Total ²	Medical	Rx	Total ²	Medical	Rx	Total
Gross claims ¹	\$560.5	\$302.7	\$863.2	\$578.3	\$269.9	\$848.2	▼ 3.1%	▲ 12.1%	▲ 1.8%
Total program cost (\$M) ²	\$608.6	\$193.5	\$805.1	\$624.5	\$180.8	\$807.7	▼ 2.5%	▲ 7.0%	▼ 0.3%
Premium contributions (\$M) ³	\$658.3	\$177.3	\$835.6	\$631.9	\$188.5	\$822.9	▲ 4.2%	▼ 6.0%	▲ 1.5%
Total cost PEPY	\$8,352	\$2,652	\$11,040	\$8,746	\$2,532	\$11,313	▼ 4.5%	▲ 4.7%	▼ 2.4%
Total cost PMPY	\$4,740	\$1,512	\$6,264	\$4,939	\$1,430	\$6,388	▼ 4.0%	▲ 5.7%	▼ 1.9%
Average employees	72,907			71,388			▲ 2.1%		
Average members	128,531			126,435			▲ 1.7%		
Loss ratio	96%			98%					
Net income (\$M)	\$30.5			\$15.1					

¹ Gross claims include paid medical and pharmacy claims as reported by Aetna, Highmark, and ESI

² Total program cost includes gross claims, pharmacy rebate and EGWP payment offsets, ASO fees, and office operational expenses

³ Includes fees for participating non-State groups

- FY20 Actual compared to Original Budget (approved in August 2019):

Summary (total)	FY20 Actual			FY20 Budget			% Change		
	Medical	Rx	Total	Medical	Rx	Total	Medical	Rx	Total
Total program cost (\$M) ¹	\$608.6	\$193.5	\$805.1	\$665.6	\$179.2	\$844.8	▼ 8.6%	▲ 8.0%	▼ 4.7%
Total cost PEPY	\$8,352	\$2,652	\$11,040	\$9,117	\$2,458	\$11,609	▼ 8.4%	▲ 7.9%	▼ 4.9%
Total cost PMPY	\$4,740	\$1,512	\$6,264	\$5,172	\$1,394	\$6,585	▼ 8.3%	▲ 8.4%	▼ 4.9%
Net income (\$M)	\$30.5			(\$6.3)					

¹ Total program cost includes office operational expenses (medical and Rx splits exclude these expenses) and excludes fees for participating non-State groups (these fees are included in premiums)

Plan performance dashboard - key observations for total GHIP population - no update for FY20 Q4

- Due to several upgrades and changes within IBM Watson Health database, the dashboard template used to produce the quarterly dashboards is no longer supported; IBM is developing a customized dashboard to reflect GHIP experience in future quarters

Additional notes

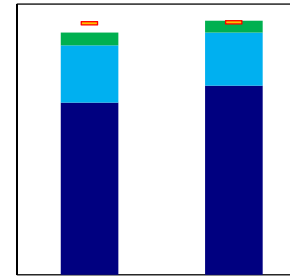
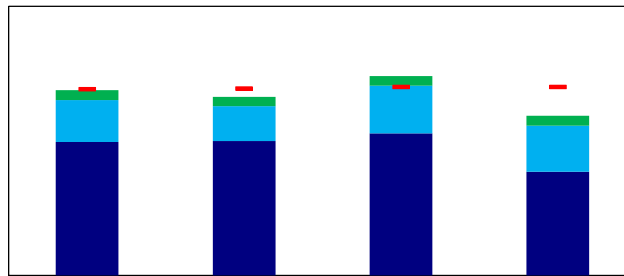
- Claims and expenses are reported on a paid basis
- FY20 budget rates were held flat from FY19
- Paid claims and enrollment data based on reports from Aetna, Highmark, and ESI; costs include operating expenses
- Expenses are broken down into two categories:
 - ASO Fees: includes fees for vendor administration, COBRA administration, ACA-related (PCORI), IBM Watson data analytics, EAP, and WTW consulting fees
 - Office Operational Expenses: includes expenses for items such as staff salaries, supplies, etc.
- Rx rebates and EGWP payments are shown based on the period to which offsets are attributable, rather than actual payment received in a given period
- No adjustments made to cost tracking for large claims as the State does not have stop loss insurance
- HRA dollars are assumed to be included in the reported claims
- Participating groups (such as University of DE) are included in the cost tracking, but are assumed to be 100% employee paid; as a result, reported net cost and cost share percentages may be skewed; participating group fees are included in premium contributions

State of Delaware

Health Plan Quarterly Financial Reporting

FY20 Q4 Plan Cost Analysis

Total GHIP Results
Legend
- Medical/Rx Budget
■ Fees and Op. Expenses
■ Rx (incl. Rebates and EGWP)
■ Medical (incl. capitation)



	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY20 YTD Actual	FY20 YTD WTW Budget ⁸	Difference vs. Budget
Total Program Cost	\$206,234,228	\$198,979,991	\$222,144,469	\$177,691,741	\$805,050,429	\$844,783,170	▼ 4.7%
- Paid Claims	195,615,533	188,656,216	211,495,365	166,671,674	762,438,788	804,798,797	▼ 5.3%
- Medical (includes capitation ¹)	148,761,351	149,813,400	158,141,759	115,441,135	572,157,645	628,575,075	▼ 9.0%
- Rx (Including Rebates and EGWP)	46,631,945	38,842,816	53,353,607	51,230,539	190,058,907	176,223,722	▲ 7.9%
- Rx Paid Claims	75,507,949	65,184,395	81,400,192	80,593,066	302,685,601	280,775,757	▲ 7.8%
- EGWP ²	(10,604,944)	(8,459,182)	(7,531,769)	(9,746,712)	(36,342,607)	(37,939,499)	▼ 4.2%
- Direct Subsidy	(771,080)	(549,007)	(514,102)	(526,429)	(2,360,618)	(2,649,577)	▼ 10.9%
- CGDP	(5,921,576)	(5,020,586)	(3,757,954)	(5,926,227)	(20,626,343)	(20,996,179)	▼ 1.8%
- Catastrophic Reinsurance ³	(3,912,288)	(2,889,588)	(3,259,714)	(3,294,056)	(13,355,646)	(14,293,743)	▼ 6.6%
- Rx Rebates ⁴	(18,271,060)	(17,882,397)	(20,514,816)	(19,615,815)	(76,284,088)	(66,612,537)	▲ 14.5%
- ASO Fees	10,269,920	9,800,002	9,949,877	9,841,641	39,861,440	37,500,439	▲ 6.3%
- Operational Expenses	571,012	523,772	699,227	1,178,426	2,972,437	2,483,934	▲ 19.7%
Medical/Rx Premium Contributions⁵	\$207,540,932	\$208,148,345	\$209,871,435	\$210,009,073	\$835,569,785	\$ 838,489,949	▼ 0.3%
- Net Income	1,084,467	7,929,829	(13,837,897)	35,342,958	30,519,356	(6,293,222)	
- Total Cost as % of Budget	99%	96%	106%	85%	96%	101%	
Current Year Per Capita							
- Total per employee per year ⁶	11,412	10,956	12,120	9,684	11,040	11,609	▼ 4.9%
- Total % change over prior	2.1%	1.5%	3.5%	-17.9%	-2.9%		
- Medical per employee per year	8,748	8,748	9,132	6,780	8,352	9,117	▼ 8.4%
- Medical % change over prior	4.5%	2.5%	0.1%	-24.0%	-4.4%		
- Rx per employee per year	2,640	2,208	3,012	2,880	2,652	2,458	▲ 7.9%
- Rx % change over prior	-5.0%	-0.9%	18.0%	1.4%	2.0%		
- Medical per member per year	4,956	4,956	5,184	3,852	4,740	5,172	▼ 8.3%
- Rx per member per year	1,500	1,248	1,704	1,632	1,512	1,394	▲ 8.4%
- Total per member per year ⁶	6,468	6,204	6,876	5,496	6,264	6,585	▼ 4.9%
Prior Year Results	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	FY19		
- Total Program Cost	198,069,057	192,811,944	209,847,345	212,058,723	812,787,068	-	-
- Total Program Cost \$ Change	8,165,171	6,168,047	12,297,125	-34,366,982	(7,736,639)	-	-
- Total per employee per year ⁶	11,182	10,796	11,710	11,797	11,371	-	-
- Medical per employee per year	8,371	8,536	9,121	8,919	8,737	-	-
- Rx per employee per year	2,778	2,228	2,553	2,839	2,600	-	-
EE Contributions⁷	\$40,928,715	\$41,012,844	\$41,124,630	\$41,159,592	\$41,056,446		
- Net SoD	165,305,513	157,967,146	181,019,839	136,532,148	160,206,162	-	-
- SoD Subsidy %	80%	79%	81%	77%	79%	-	-
Headcount							
- Enrolled Ees	72,317	72,629	73,287	73,392	72,907	72,768	▲ 0.2%
- Enrolled Members	127,519	128,201	129,128	129,277	128,531	128,282	▲ 0.2%
- Member/EE Ratio	1.8	1.8	1.8	1.8	1.8	1.8	

¹ Capitation payments apply to HMO plan only

² Direct subsidy and catastrophic reinsurance prospective payments reflect actual payments received during quarter; CGDP estimated based on payment attributable to quarter; projected EGWP PMPM amounts provided by ESI

³ Includes \$1.2m prospective reinsurance adjustment payment received in August 2019 to align with cash flow timing in Fund

⁴ Reflects estimated rebates attributable to FY20; prior quarters to be updated with actual FY20 rebates when received; estimated rebates based on WTW analysis of expected rebates under ESI contract effective July 2019

⁵ Premium contributions include fees for participating non-State groups

⁶ Total per employee per year (PEPY) and per member per year (PMPY) values include operational expenses; these expenses are excluded from medical and Rx PEPY/PMPY splits

⁷ Participating groups are assumed to be 100% EE funded, and Medicare retirees are assumed to be fully subsidized

⁸ WTW Budget based on final FY20 Budget approved by SEBC on 8/26/2019

State of Delaware

Health Plan Quarterly Financial Reporting

FY20 Q4 Reporting Reconciliation (WTW vs DHR Fund Equity Report)

FY20 YTD Reporting Reconciliation	WTW FY20 Q4 Financial Report	DHR June 2020 Fund Equity Report
Total Program Cost	\$805,050,429	\$927,651,527
Paid Claims	762,216,552	884,817,650
Medical Claims	572,157,645	582,415,762
Rx Claims ¹	190,058,907	302,401,889
Rx Paid Claims	302,685,601	302,401,889
EGWP	(36,342,607)	(39,353,437)
<i>Direct Subsidy</i>	(2,360,618)	(2,588,449)
<i>CGDP</i>	(20,626,343)	(18,206,709)
<i>Catastrophic Reinsurance</i> ²	(13,355,646)	(18,558,279)
Rx Rebates	(76,284,088)	(71,702,927)
Total Rx Claim (Offsets)/Revenue ³	(112,626,695)	(111,056,364)
Total Fees	42,833,877	42,833,877
ASO Fees	39,861,440	39,861,440
Operational Expenses	2,972,437	2,972,437
Premium Contributions/Operating Revenues⁴	\$835,569,785	\$953,657,962
Net Income	30,519,356	26,006,434
Total Cost as % of Budget	96%	97%

¹WTW Rx claims shown net of EGWP revenue and Rx rebates; DHR Rx claims reflect gross claim dollars excluding additional revenue (EGWP and rebates)

²WTW FY20 reinsurance includes \$1.2m prospective reinsurance adjustment payment received in August 2019 to align with cash flow timing in Fund

³WTW reflects EGWP revenue and Rx rebates as offsets to Rx claims; DHR reflects these items as additions to operating revenues

⁴DHR premium contributions represent total operating revenues, including premium contributions, Rx revenues (EGWP and rebates), other revenues totaling \$5,740,406, and participating group fees totaling \$6,021,789; WTW premium contributions represent FY20 budget rates and headcounts (net of Rx revenues), including participating group fees

State of Delaware

Health Plan Quarterly Financial Reporting

Assumptions and Caveats

Claim basis and timing

- 1 All reporting provided on a paid basis within this document.
- 2 FY2020 represents the time period July 1, 2019 through June 30, 2020 for all statuses; note Medicfill plan for Medicare eligible retirees runs on a calendar year basis. Therefore, FY2020 financial results span two plan years for the Medicare eligible population.

Enrollment

- 3 Medical and Rx enrollment based on quarterly tiered enrollment data from Highmark and Aetna; Medicare enrollment provided separately for retirees enrolled in medical (Highmark) and Rx (ESI).

Benefit costs/fees

- 4 Medical quarterly paid claims from Highmark and Aetna; Rx quarterly paid claims from ESI; EGWP subsidies and Rx rebates (Active, non-Medicare eligible retiree, and Medicare eligible retiree) from DHR
- 5 Administration fees and operational expenses from DHR-provided June 2020 Fund Equity Report; total quarterly fees are assigned to each plan on a contract count basis.
 - a. ASO Fees: includes fees for vendor administration, COBRA administration, ACA-related (PCORI), IBM Watson data analytics, EAP and WTW consulting fees.
 - b. Operational Expenses: includes expenses for items such as staff salaries, supplies, etc.
- 6 Pharmacy drug rebates are shown based on the period to which rebates are attributable; prior quarters to be updated with actual FY20 rebates when received; estimated rebates based on WTW analysis of expected rebates under ESI contract effective July 2019 and actual rebates received through FY20 Q4; active/non-Medicare eligible retiree rebates assigned to each plan on a contract count basis; may differ from actual payments received during FY2020 due to payment timing lag.
- 7 EGWP payments based on actual and expected payments attributable to the period July 1, 2019 through June 30, 2020; reflects actual direct subsidy, prospective reinsurance and coverage gap discount payments received through June 2020; remaining payments attributable to FY20 estimated based on projected amounts provided by ESI; may differ from actual payments received during FY2020 due to payment timing lag.
- 8 Prior year costs calculated from WTW's FY19 Financial Reporting.

Budget/contributions

- 9 Active and non-Medicare eligible retiree budget rates and contributions reflect rates effective July 1, 2019. Medicare eligible retiree budget rates reflect rates effective January 1, 2019 for FY20 Q1 and Q2, and rates effective January 1, 2020 for FY20 Q3 and Q4. Budget rates include FY20 risk fees for Participating groups (excludes \$2.70 PEPM charge). FY20 budget rates were held flat from FY19.
- 10 Premiums and employee contributions are the product of monthly budget rate/contribution and quarterly average tiered contract counts provided by the medical vendors; assumes 1% enrollment growth during FY20.
- 11 Highmark quarterly reports do not provide enrollment data split by retirement date. All Medicare eligible retirees are assumed to have retired prior to July 1, 2012, and therefore do not contribute towards the cost of premiums. As a result of this conservative assumption, the healthcare program's net cost to the State may be overstated.
- 12 Participating groups are assumed to be 100% employee paid in order to estimate the healthcare program's net cost to the State; actual employee contributions vary and are difficult to capture since each group pays premiums at different times; participating group fees are included in premium contributions.
- 13 While COBRA enrollment and claims are reflected in the expenses, all medical/Rx participants are assumed to pay active contributions since COBRA participants make up less than 0.1% of the total population.
- 14 HRA funding for CDH plans are included in the paid claims reported in this document.

State of Delaware

Health Plan Quarterly Financial Reporting

Glossary of Important Health Care Terms

Terms directly tied to cost tracking

Terminology	Acronym	Definition
Administrative Services Only	ASO	When an organization funds its own employee benefit plan, such as a health insurance program, and it hires an outside firm to perform specific administrative services. Also referred to as "self-funded". Currently, the GHIP has ASO contracts with Aetna, Highmark and Express Scripts.
Capitation	n/a	Fixed payment amount (per member) to a physician or group of physicians for a defined set of services for a defined set of members. Fixed or "capitated" payment per member provides physician with an incentive for meeting quality and cost efficiency outcomes, since the physician is responsible for any costs incurred above the capitated amount. May be risk adjusted based on the demographics of the member population or changes in the member population. Often used for <i>bundled payments</i> or other <i>value-based payments</i> .
Consumer Driven Health Plan	CDHP	Allows members to use health savings accounts (HSA), health reimbursement accounts (<i>HRA</i>), or other similar medical payment products to pay routine health care expenses directly. GHIP currently offers a CDHP with <i>HRA</i> .
Coverage Gap Discount Program	CGDP	One of the funding components of an <i>EGWP</i> . Manufacturers provide discounts on covered Part D brand prescription drugs to Medicare beneficiaries while in the coverage gap.
Employee	EE	A person employed for wages or salary.
Employer Group Waiver Plans	EGWP	A Center for Medicare Service (CMS) approved program for both employers and unions. An employer may contract directly with CMS or go through an approved TPA, such as ESI, to establish the plan. They are usually Self Funded, are integrated with Medicare Part D, and sometimes include a fully insured "wrapper" around the plan to cover non-Medicare Part D prescription drugs. GHIP currently contracts with ESI as the TPA and includes a "wrapper," which is referred to as an enhanced benefit.
Fiscal Year	FY	A year as reckoned for taxing or accounting purposes. GHIP fiscal year runs from July 1st through June 30th.
Health Maintenance Organization	HMO	A form of health insurance combining a range of coverages in a group basis. A group of doctors and other medical professionals offer care through the HMO for a flat monthly rate. However, only visits to professionals within the HMO network are covered by the policy. All visits, prescriptions and other care must be cleared by the HMO in order to be covered. A primary physician within the HMO handles referrals.
Health Reimbursement Account	HRA	Employer-funded account that reimburses employees for out-of-pocket medical expenses. Employees can choose how to use their HRA funds to pay for medical expenses, but the employer can determine what expenses are reimbursable by the HRA (e.g., employers often designate prescription drug expenses as ineligible for reimbursement by an HRA). Funds are owned by the employer and are tax-deductible to the employee. GHIP only offers HRA to employees and non-Medicare eligible retirees who enroll in the CDH Gold plan.
High Cost Claimant	HCC	An insured who incurs claims over a catastrophic claim limit during the plan year. For purposes of cost tracking, this threshold is \$100K.
Per Employee Per Month	PEPM	A monthly cost basis measured on an employee/contract/subscriber level
Per Employee Per Year	PEPY	A yearly cost basis measured on an employee/contract/subscriber level
Per Member Per Month	PMPM	A monthly cost basis measured on a member level
Per Member Per Year	PMPY	A yearly cost basis measured on a member level
Patient-Centered Outcomes Research Trust Fund Fee	PCORI	The Patient-Centered Outcomes Research Trust Fund fee is a fee on plan sponsors of self-insured health plans that helps to fund the Patient-Centered Outcomes Research Institute (PCORI). The institute will assist, through research, patients, clinicians, purchasers and policy-makers, in making informed health decisions by advancing the quality and relevance of evidence-based medicine. The institute will compile and distribute comparative clinical effectiveness research findings. This fee is part of the Affordable Care Act legislation.

State of Delaware

Health Plan Quarterly Financial Reporting

Glossary of Important Health Care Terms

Terms directly tied to cost tracking

Terminology	Acronym	Definition
Point-of-Service	POS	A type of managed care plan that is a hybrid of HMO and PPO plans. Like an HMO, participants designate an in-network physician to be their primary care provider. But like a PPO, patients may go outside of the provider network for health care services. GHIP only offers this type of plan to Port of Wilmington employees.
Preferred Provider Organization	PPO	A health care organization composed of physicians, hospitals, or other providers which provides health care services at a reduced fee. A PPO is similar to an HMO, but care is paid for as it is received instead of in advance in the form of a scheduled fee. PPOs may also offer more flexibility by allowing for visits to out-of-network professionals at a greater expense to the policy holder. Visits within the network require only the payment of a small fee. There is often a deductible for out-of-network expenses and a higher co-payment.
Transitional Reinsurance Fee	TRF	Fee collected by the transitional reinsurance program to fund reinsurance payments to issuers of non-grandfathered reinsurance-eligible individual market plans, the administrative costs of operating the reinsurance program, and the General Fund of the U.S. Treasury for the 2014, 2015, and 2016 benefit years. This fee is part of the Affordable Care Act legislation, and ends after the 2016 benefit year.
Year to Date	YTD	A period, starting from the beginning of the current year (either the calendar year or fiscal year) and continuing up to the present day. For this financial reporting document, YTD refers to the time period of July 1, 2019 to June 30, 2020



The State of Delaware

Group Health Insurance Plan

Long-term Projections as of FY20 Q4

August 13, 2020

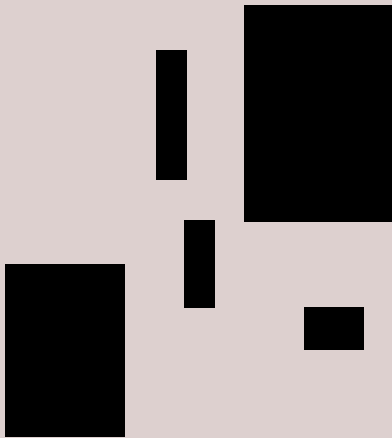
The data and assumptions in this report reflect information available as of 5/7/2020 and the estimates are specific to the State of Delaware GHIP. Due to the high degree of uncertainty associated with the COVID-19 pandemic, results may vary from the estimates provided.

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Today's discussion

- GHIP long term health care cost projections
 - COVID-19 considerations
 - GHIP long term health care cost projections (FY20 Q4 update)
 - Illustrative FY22 monthly rates and employee/retiree contributions
 - Recommended next steps
- FY22 planning
- Appendix

GHIP long term health care cost projections



COVID-19 considerations

Impact on FY21 and beyond

- The cost of deferred care continues to significantly outpace the costs related to testing and treatment of COVID-19 cases
- The impact of the COVID-19 pandemic on the GHIP in FY21 and beyond is still unknown and depends on many factors, including:
 - Effectiveness of policies to mitigate spread and timing of easing of social distancing measures
 - Level of FY20 care deferral that returns in FY21
 - Level of new care deferral that emerges in FY21
 - Cost of new vaccine or therapeutic agents
 - Potential for new waves of COVID infection
- The budget projections shown in this document reflect the latest information available regarding impact of COVID-19 to date and potential outlook for Delaware and the GHIP, but may not contemplate all of the above factors

Consider impact on GHIP long term cost projections, trend assumptions, minimum reserve, rate action planning, and other factors

COVID-19 considerations

Impact on minimum reserve (recap from July 27th, 2020 SEBC meeting)

- During March 6, 2017 meeting, SEBC approved a motion to set minimum reserve based on upper bound of 97% confidence interval of Willis Towers Watson health care trend variability tool, set annually based on final fiscal year budget
 - Current minimum reserve is \$24.3m, to be updated based on experience through FY20 Q4
- This methodology does not contemplate fluctuation in cost due to systemic events such as the COVID-19 pandemic
- The SEBC discussed holding additional minimum reserve, beginning in FY21, to provide additional protection for the GHIP against potential adverse claims impact resulting from factors directly and indirectly related to COVID-19
 - This would mitigate the risk that future rate actions (no earlier than 7/1/2021) are insufficient to maintain the solvency of the Fund under adverse scenarios
- SEBC may consider reviewing reserve levels more frequently (e.g., quarterly) until the pandemic has subsided and claim levels are more stable

On July 27th, 2020, the SEBC approved decision to hold a one-time COVID-19 reserve of \$23.5M in FY21

COVID-19 considerations

Impact of deferred care

- Beginning in late March, deferred care due to the COVID-19 pandemic began to significantly impact the state of the Fund
 - FY20 Q4 claims were a combined **\$47.1m below budget**
- Claim levels have returned closer to budget in July, with medical claims expected to land \$7.7m below July budget
- The table below highlights the impact of actual medical/Rx claims relative to budget since the onset of COVID-19¹:

FY20 Q4	April			May			June			FY20 Q4 Total		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Medical	\$44.3m	\$61.2m	(\$16.9m)	\$32.7m	\$54.5m	(\$21.7m)	\$38.5m	\$51.4m	(\$12.9m)	\$115.6m	\$167.0m	(\$51.5m)
Rx	\$23.6m	\$21.8m	+\$1.7m	\$22.7m	\$21.8m	+\$0.9m	\$34.5m	\$32.8m	+\$1.7m	\$80.8m	\$76.4m	+\$4.3m
Total	\$67.9m	\$83.0m	(\$15.1m)	\$55.5m	\$76.3m	(\$20.8m)	\$73.0m	\$84.1m	(\$11.1m)	\$196.3m	\$243.5m	(\$47.1m)

FY21 Q1	July			August			September			FY21 Q1 Total		
	Actual ²	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Medical	\$54.3m	\$62.0m	(\$7.7m)									
Rx	\$23.4m	\$22.8m	+\$0.6m									
Total	\$77.7m	\$84.8m	(\$7.1m)									

1 Final figures have been rounded to the nearest \$0.1m; numbers in table may not add up due to rounding.

2 Based on weekly claims analysis provided by DHR; may differ from final claims to be reflected in July Fund Equity Report

GHIP long term health care cost projections (FY20 Q4 update)

FY21 and FY22 projected budget

- Projected FY21 budget of \$905.7M is up 1.7% (\$14.9M) from FY20 Q3 update of \$890.8M
 - FY20 Q3 update of FY21 budget (\$890.8M) did not reflect adjustments due to COVID-19
 - FY20 Q4 update of FY21 budget (\$905.7M) reflects the following COVID-19 related adjustments:
 - FY20 Q4 experience excluded from budget projection; Q4 claim levels not indicative of future experience
 - 50% of care deferred in FY20 Q4 estimated to return during FY21 (+\$23.5M) partially offset by anticipated “tail” on the lower claim levels due to care deferral into FY21 Q1
 - Enrollment reflects open enrollment results as of July 2020
- Projected FY22 budget of \$951.9M represents a 5.1% increase (\$46.2M) over FY21 projected budget and excludes any explicit adjustments due to COVID-19

Component (\$M)	Description	FY21	FY22
FY20 Q3 (excludes impact of COVID-19)		\$890.8	\$955.5
Claims Experience	Claims experience updated to reflect impact of COVID-19 (including pent-up demand due to return of deferred care)	\$15.2	(\$2.9)
Enrollment	Expected claims and premium increase due to growth in covered population	\$4.4	\$4.8
Updated Other Revenues	Includes revised EGWP payments, pharmacy rebates and participating group fees	(\$4.7)	(\$5.5)
FY20 Q4 (includes COVID-19 adjustments)		\$905.7	\$951.9

GHIP long term health care cost projections (FY20 Q4 update)

Premium rate increase scenarios (reflects impact of COVID-19)

- To maintain the long-term stability of the Fund, the Financial Subcommittee recommends smoothing any available surplus over a minimum of two years
- A rate increase at any time during FY21 is likely not possible; the Financial Subcommittee will be tasked with recommending the **timing** (e.g., 7/1/2021) and **level of rate increase** for FY22
- The following pages show the revised long term projections updated to reflect the impact of COVID-19, including the one-time COVID-19 reserve of \$23.5m for FY21, as approved during the July 27th SEBC meeting
- The long term projections are shown under the following scenarios:
 - Hold premium rates flat in FY21 and beyond (**\$18.5M projected surplus** through end of FY21, **\$66.2M projected deficit** through end of FY22)
 - Target smoothing FY21 surplus (\$18.5M) over 2 years: 8.8% increase for FY22 effective 7/1/2021 (\$9.2m projected surplus through end of FY22)
 - Target \$0 surplus by end of FY22: 7.8% increase for FY22 effective 7/1/2021 (\$0m projected deficit through end of FY22)
 - *Note: this rate action would fall short of recommendation to smooth surplus over 2 years*

GHIP long term health care cost projections (FY20 Q4 update)

No premium increases FY21-FY26

GHIP Costs (\$ millions)	FY20 Actual	FY21 Projected ¹	FY22 Projected ¹	FY23 Projected ¹	FY24 Projected ¹	FY25 Projected ¹	FY26 Projected ¹
Average Enrolled Members	128,531	130,074	131,375	132,689	134,016	135,356	136,710
GHIP Revenue							
Premium Contributions (Increasing with Enrollment) ²	\$830.8	\$839.7	\$848.1	\$856.6	\$865.2	\$873.9	\$882.6
<i>Hold premium rates flat FY21 and beyond</i>	-	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Revenues ³	\$122.8	\$132.4	\$141.5	\$151.2	\$161.7	\$172.8	\$184.8
Total Operating Revenues	\$953.7	\$972.1	\$989.6	\$1,007.8	\$1,026.9	\$1,046.7	\$1,067.4
GHIP Expenses (Claims/Fees)							
Operating Expenses ⁴	\$927.7	\$1,045.9	\$1,101.8	\$1,180.5	\$1,264.9	\$1,355.3	\$1,452.2
% Change Per Member	0.9%	11.4%	4.3%	6.1%	6.1%	6.1%	6.1%
PBM Contract Renegotiation (Year 5) ⁶		(\$7.8)	(\$8.4)	(\$9.0)	(\$9.6)	(\$10.3)	(\$11.0)
Adjusted Net Income (Revenue less Expense)	\$26.0	(\$66.0)	(\$103.8)	(\$163.7)	(\$228.4)	(\$298.3)	(\$373.8)
Balance Forward	\$163.8	\$189.8	\$123.8	\$20.0	(\$143.7)	(\$372.1)	(\$670.4)
Ending Balance	\$189.8	\$123.8	\$20.0	(\$143.7)	(\$372.1)	(\$670.4)	(\$1,044.2)
- Less Claims Liability ⁵	\$57.5	\$57.5	\$60.6	\$64.9	\$69.5	\$74.5	\$79.8
- Less Minimum Reserve ⁵	\$24.3	\$24.3	\$25.6	\$27.4	\$29.4	\$31.5	\$33.8
- Less COVID-19 Reserve ⁷		\$23.5	-	-	-	-	-
GHIP Surplus (After Reserves/Deposits)	\$108.0	\$18.5	(\$66.2)	(\$236.0)	(\$471.0)	(\$776.4)	(\$1,157.8)

It is evident that the COVID-19 pandemic will have an impact on health care costs. We have used available information and reasonable estimation techniques to develop health care cost estimates for the GHIP that reflect the impact of COVID-19. However due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.

Please refer to Appendix for FY17, FY18, and FY19 actual results (slide 19) and detailed projection footnotes (slide 20)

GHIP long term health care cost projections (FY20 Q4 update)

8.8% premium increase effective 7/1/2021, 2% annual increase thereafter

GHIP Costs (\$ millions)	FY20 Actual	FY21 Projected ¹	FY22 Projected ¹	FY23 Projected ¹	FY24 Projected ¹	FY25 Projected ¹	FY26 Projected ¹
Average Enrolled Members	128,531	130,074	131,375	132,689	134,016	135,356	136,710
GHIP Revenue							
Premium Contributions (Increasing with Enrollment) ²	\$830.8	\$839.7	\$848.1	\$856.6	\$865.2	\$873.9	\$882.6
<i>8.8% premium increase FY22, 2% annual thereafter</i>	-	\$0.0	\$74.9	\$92.8	\$111.0	\$129.6	\$148.5
Other Revenues ³	\$122.8	\$132.4	\$142.1	\$152.3	\$163.5	\$175.4	\$188.2
Total Operating Revenues	\$953.7	\$972.1	\$1,065.1	\$1,101.7	\$1,139.7	\$1,178.9	\$1,219.3
GHIP Expenses (Claims/Fees)							
Operating Expenses ⁴	\$927.7	\$1,045.9	\$1,101.8	\$1,180.5	\$1,264.9	\$1,355.3	\$1,452.2
% Change Per Member	0.9%	11.4%	4.3%	6.1%	6.1%	6.1%	6.1%
PBM Contract Renegotiation (Year 5) ⁶		(\$7.8)	(\$8.4)	(\$9.0)	(\$9.6)	(\$10.3)	(\$11.0)
Adjusted Net Income (Revenue less Expense)	\$26.0	(\$66.0)	(\$28.3)	(\$69.8)	(\$115.6)	(\$166.1)	(\$221.9)
Balance Forward	\$163.8	\$189.8	\$123.8	\$95.4	\$25.6	(\$90.0)	(\$256.1)
Ending Balance	\$189.8	\$123.8	\$95.4	\$25.6	(\$90.0)	(\$256.1)	(\$477.9)
- Less Claims Liability ⁵	\$57.5	\$57.5	\$60.6	\$64.9	\$69.5	\$74.5	\$79.8
- Less Minimum Reserve ⁵	\$24.3	\$24.3	\$25.6	\$27.4	\$29.4	\$31.5	\$33.8
- Less COVID-19 Reserve ⁷		\$23.5	-	-	-	-	-
GHIP Surplus (After Reserves/Deposits)	\$108.0	\$18.5	\$9.2	(\$66.7)	(\$188.9)	(\$362.1)	(\$591.5)

It is evident that the COVID-19 pandemic will have an impact on health care costs. We have used available information and reasonable estimation techniques to develop health care cost estimates for the GHIP that reflect the impact of COVID-19. However due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.

Please refer to Appendix for FY17, FY18, and FY19 actual results (slide 19) and detailed projection footnotes (slide 20)

Illustrative FY22 monthly rates and employee/retiree contributions

Illustrative: 8.8% increase effective 7/1/2021

FY22 reflects employee contribution increases of \$2.45 - \$24.01 per employee per month (\$29.40 - \$288.12 per year) and State subsidy increases of \$58.74 - \$158.49 per employee per month (\$704.88 - \$1,901.88 per year) effective 7/1/2021

	FY 2021			FY 2022 with 8.8% Increase			\$ Change Employee/ Pensioner Contribution		\$ Change State Subsidy	
	Rate	Employee Contribution	State Subsidy	Rate	Employee Contribution	State Subsidy	Monthly	Annual	Monthly	Annual
First State Basic										
Employee	\$695.36	\$27.84	\$667.52	\$756.55	\$30.29	\$726.26	\$2.45	\$29.40	\$58.74	\$704.88
Employee + Spouse	\$1,438.68	\$57.52	\$1,381.16	\$1,565.28	\$62.58	\$1,502.70	\$5.06	\$60.72	\$121.54	\$1,458.48
Employee + Child	\$1,057.02	\$42.26	\$1,014.76	\$1,150.04	\$45.98	\$1,104.06	\$3.72	\$44.64	\$89.30	\$1,071.60
Family	\$1,798.42	\$71.92	\$1,726.50	\$1,956.68	\$78.25	\$1,878.43	\$6.33	\$75.96	\$151.93	\$1,823.16
CDH Gold										
Employee	\$719.68	\$35.98	\$683.70	\$783.01	\$39.15	\$743.86	\$3.17	\$38.04	\$60.16	\$721.92
Employee + Spouse	\$1,492.22	\$74.58	\$1,417.64	\$1,623.54	\$81.14	\$1,542.40	\$6.56	\$78.72	\$124.76	\$1,497.12
Employee + Child	\$1,099.56	\$54.96	\$1,044.60	\$1,196.32	\$59.80	\$1,136.52	\$4.84	\$58.08	\$91.92	\$1,103.04
Family	\$1,895.74	\$94.78	\$1,800.96	\$2,062.57	\$103.12	\$1,959.45	\$8.34	\$100.08	\$158.49	\$1,901.88
Aetna HMO										
Employee	\$725.94	\$47.16	\$678.78	\$789.82	\$51.31	\$738.51	\$4.15	\$49.80	\$59.73	\$716.76
Employee + Spouse	\$1,530.58	\$99.50	\$1,431.08	\$1,665.27	\$108.26	\$1,557.01	\$8.76	\$105.12	\$125.93	\$1,511.16
Employee + Child	\$1,110.52	\$72.18	\$1,038.34	\$1,208.25	\$78.53	\$1,129.72	\$6.35	\$76.20	\$91.38	\$1,096.56
Family	\$1,909.82	\$124.12	\$1,785.70	\$2,077.88	\$135.04	\$1,942.84	\$10.92	\$131.04	\$157.14	\$1,885.68
Comprehensive PPO										
Employee	\$793.86	\$105.18	\$688.68	\$863.72	\$114.44	\$749.28	\$9.26	\$111.12	\$60.60	\$727.20
Employee + Spouse	\$1,647.34	\$218.26	\$1,429.08	\$1,792.31	\$237.47	\$1,554.84	\$19.21	\$230.52	\$125.76	\$1,509.12
Employee + Child	\$1,223.46	\$162.08	\$1,061.38	\$1,331.12	\$176.34	\$1,154.78	\$14.26	\$171.12	\$93.40	\$1,120.80
Family	\$2,059.40	\$272.86	\$1,786.54	\$2,240.63	\$296.87	\$1,943.76	\$24.01	\$288.12	\$157.22	\$1,886.64

GHIP long term health care cost projections (FY20 Q4 update)

7.8% premium increase effective 7/1/2021, 2% annual increase thereafter

GHIP Costs (\$ millions)	FY20 Actual	FY21 Projected ¹	FY22 Projected ¹	FY23 Projected ¹	FY24 Projected ¹	FY25 Projected ¹	FY26 Projected ¹
Average Enrolled Members	128,531	130,074	131,375	132,689	134,016	135,356	136,710
GHIP Revenue							
Premium Contributions (Increasing with Enrollment) ²	\$830.8	\$839.7	\$848.1	\$856.6	\$865.2	\$873.9	\$882.6
<i>7.8% premium increase FY22, 2% annual thereafter</i>	-	\$0.0	\$65.8	\$83.6	\$101.7	\$120.2	\$139.1
Other Revenues ³	\$122.8	\$132.4	\$142.0	\$152.2	\$163.2	\$175.0	\$187.7
Total Operating Revenues	\$953.7	\$972.1	\$1,055.9	\$1,092.4	\$1,130.1	\$1,169.1	\$1,209.4
GHIP Expenses (Claims/Fees)							
Operating Expenses ⁴	\$927.7	\$1,045.9	\$1,101.8	\$1,180.5	\$1,264.9	\$1,355.3	\$1,452.2
% Change Per Member	0.9%	11.4%	4.3%	6.1%	6.1%	6.1%	6.1%
PBM Contract Renegotiation (Year 5) ⁶		(\$7.8)	(\$8.4)	(\$9.0)	(\$9.6)	(\$10.3)	(\$11.0)
Adjusted Net Income (Revenue less Expense)	\$26.0	(\$66.0)	(\$37.5)	(\$79.1)	(\$125.2)	(\$175.9)	(\$231.8)
Balance Forward	\$163.8	\$189.8	\$123.8	\$86.2	\$7.1	(\$118.1)	(\$294.0)
Ending Balance	\$189.8	\$123.8	\$86.2	\$7.1	(\$118.1)	(\$294.0)	(\$525.9)
- Less Claims Liability ⁵	\$57.5	\$57.5	\$60.6	\$64.9	\$69.5	\$74.5	\$79.8
- Less Minimum Reserve ⁵	\$24.3	\$24.3	\$25.6	\$27.4	\$29.4	\$31.5	\$33.8
- Less COVID-19 Reserve ⁷		\$23.5	-	-	-	-	-
GHIP Surplus (After Reserves/Deposits)	\$108.0	\$18.5	\$0.0	(\$85.2)	(\$217.0)	(\$400.0)	(\$639.5)

It is evident that the COVID-19 pandemic will have an impact on health care costs. We have used available information and reasonable estimation techniques to develop health care cost estimates for the GHIP that reflect the impact of COVID-19. However due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.

Please refer to Appendix for FY17, FY18, and FY19 actual results (slide 19) and detailed projection footnotes (slide 20)

Illustrative FY22 monthly rates and employee/retiree contributions

Illustrative: 7.8% increase effective 7/1/2021

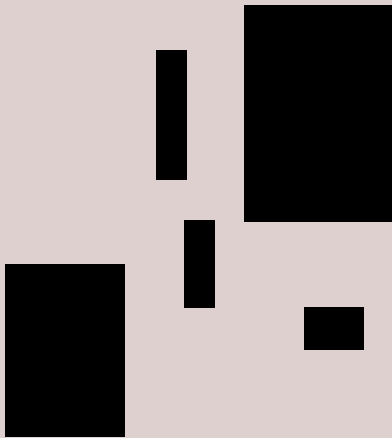
FY21 reflects employee contribution increases of \$2.17 - \$21.28 per employee per month (\$26.04 - \$255.36 per year) and State subsidy increases of \$52.07 - \$140.48 per employee per month (\$624.84 - \$1,685.76 per year) effective 7/1/2021

	FY 2021			FY 2022 with 7.8% Increase			\$ Change Employee/ Pensioner Contribution		\$ Change State Subsidy	
	Rate	Employee Contribution	State Subsidy	Rate	Employee Contribution	State Subsidy	Monthly	Annual	Monthly	Annual
First State Basic										
Employee	\$695.36	\$27.84	\$667.52	\$749.60	\$30.01	\$719.59	\$2.17	\$26.04	\$52.07	\$624.84
Employee + Spouse	\$1,438.68	\$57.52	\$1,381.16	\$1,550.90	\$62.01	\$1,488.89	\$4.49	\$53.88	\$107.73	\$1,292.76
Employee + Child	\$1,057.02	\$42.26	\$1,014.76	\$1,139.47	\$45.56	\$1,093.91	\$3.30	\$39.60	\$79.15	\$949.80
Family	\$1,798.42	\$71.92	\$1,726.50	\$1,938.70	\$77.53	\$1,861.17	\$5.61	\$67.32	\$134.67	\$1,616.04
CDH Gold										
Employee	\$719.68	\$35.98	\$683.70	\$775.82	\$38.79	\$737.03	\$2.81	\$33.72	\$53.33	\$639.96
Employee + Spouse	\$1,492.22	\$74.58	\$1,417.64	\$1,608.61	\$80.40	\$1,528.21	\$5.82	\$69.84	\$110.57	\$1,326.84
Employee + Child	\$1,099.56	\$54.96	\$1,044.60	\$1,185.33	\$59.25	\$1,126.08	\$4.29	\$51.48	\$81.48	\$977.76
Family	\$1,895.74	\$94.78	\$1,800.96	\$2,043.61	\$102.17	\$1,941.44	\$7.39	\$88.68	\$140.48	\$1,685.76
Aetna HMO										
Employee	\$725.94	\$47.16	\$678.78	\$782.56	\$50.84	\$731.72	\$3.68	\$44.16	\$52.94	\$635.28
Employee + Spouse	\$1,530.58	\$99.50	\$1,431.08	\$1,649.97	\$107.26	\$1,542.71	\$7.76	\$93.12	\$111.63	\$1,339.56
Employee + Child	\$1,110.52	\$72.18	\$1,038.34	\$1,197.14	\$77.81	\$1,119.33	\$5.63	\$67.56	\$80.99	\$971.88
Family	\$1,909.82	\$124.12	\$1,785.70	\$2,058.79	\$133.80	\$1,924.99	\$9.68	\$116.16	\$139.29	\$1,671.48
Comprehensive PPO										
Employee	\$793.86	\$105.18	\$688.68	\$855.78	\$113.38	\$742.40	\$8.20	\$98.40	\$53.72	\$644.64
Employee + Spouse	\$1,647.34	\$218.26	\$1,429.08	\$1,775.83	\$235.28	\$1,540.55	\$17.02	\$204.24	\$111.47	\$1,337.64
Employee + Child	\$1,223.46	\$162.08	\$1,061.38	\$1,318.89	\$174.72	\$1,144.17	\$12.64	\$151.68	\$82.79	\$993.48
Family	\$2,059.40	\$272.86	\$1,786.54	\$2,220.03	\$294.14	\$1,925.89	\$21.28	\$255.36	\$139.35	\$1,672.20

Recommended next steps

- Continue to monitor emerging plan experience for COVID-19 testing and treatment, care deferral by type of care, and GHIP overall
- Continue to monitor emerging utilization and cost savings for the GHIP initiatives adopted to date
- Continue to discuss timing and level of future rate action

FY22 Planning



FY22 planning

- As a starting point for FY22 planning, the performance of existing GHIP initiatives will be evaluated to identify trend mitigation opportunities heading into the next plan year
- Data collection on existing GHIP initiatives is currently taking place and will be analyzed and presented to the SEBC and its subcommittees beginning next month
- New initiatives that are identified and evaluated will also be included for consideration as well
- Following slides outline areas of existing opportunity that will be considered in upcoming discussions with the SEBC and the subcommittees

Areas of opportunity for FY22 planning

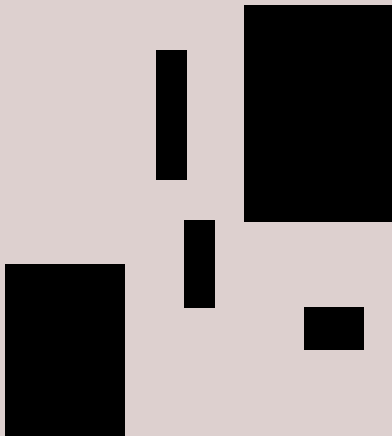
Includes, but not limited to, the topics below

- Impact of prior changes to medical plan designs
 - Copay changes to encourage utilization of preferred sites of care – labs, radiology centers, urgent care, telemedicine
 - Enhancements to infertility coverage
 - Steerage to high quality surgeons of excellence through SurgeryPlus
- Facility cost increases for procedures and treatments addressing conditions such as maternity/fertility, musculoskeletal, cardiovascular and cancer
- Engagement of plan participants in health management programs to address chronic illnesses and lifestyle risks
 - Livongo for diabetes management
 - High cost claimants (>\$100k/year) with nurse care advocates in the CareVio and CCMU programs
 - Incentives for enhancing engagement in these programs
- Expansion of telehealth services into primary care and behavioral health
- Value-based contracting efforts of the medical TPAs

Recommended next steps

- Begin discussion of data on utilization and outcomes of existing GHIP initiatives starting at the September SEBC and subcommittee meetings
- Identify opportunities to leverage complementary work being conducted by other State of Delaware departments, committees, workgroups, etc.
 - Examples: Office of Value-based Health Care, DCHI Payment Workgroup, Primary Care Reform Collaborative, Retirement Benefits Study Group

Appendix



GHIP historical health care fund information

FY17-FY19

GHIP Costs (\$ millions)	FY17 Actual	FY18 Actual	FY19 Actual
Average Enrolled Members	123,132	125,488	126,360
GHIP Revenue			
Premium Contributions (Increasing with Enrollment) ²	\$799.0	\$810.9	\$817.4
<i>Hold premium rates flat FY21+</i>	-	-	-
Other Revenues ³	\$81.6	\$92.1	\$98.5
Total Operating Revenues	\$880.6	\$903.0	\$915.9
GHIP Expenses (Claims/Fees)			
Operating Expenses ⁴	\$816.8	\$853.9	\$904.0
<i>% Change Per Member</i>		2.6%	5.1%
Excise Tax Liability ⁵			
Adjusted Net Income (Revenue less Expense)	\$63.8	\$49.1	\$11.9
Balance Forward	\$38.9	\$102.7	\$151.8
Ending Balance	\$102.7	\$151.8	\$163.8
- <i>Less Claims Liability</i> ⁶	\$54.0	\$58.9	\$58.8
- <i>Less Minimum Reserve</i> ⁶	\$24.0	\$24.0	\$24.3
GHIP Surplus (After Reserves/Deposits)	\$24.7	\$68.9	\$80.7

GHIP long term health care cost projection footnotes

Note: FY17, FY18, FY19 and FY20 actual based on final June 2017, June 2018, June 2019 and June 2020 Fund Equity reports; FY21+ projected operating expenses and enrollment based on experience through FY20 Q4 with adjustments to FY21 due to COVID-19 financial impact; assumed 1% annual enrollment growth; numbers in table may not add up due to rounding

1. Includes approved design changes effective 7/1/2019 including implementation of SurgeryPlus COE (\$0.5m annual savings), site-of-care steerage (\$6.9m), Highmark infusion therapy program (\$2.0m) and implementation of Livongo (\$0.7m), as well as cost impact of passed legislation (\$2.875m cost increase); FY21-FY26 projections based on 5% medical, 8% pharmacy baseline trend; assumes 1% annual growth in GHIP membership; FY21 projection reflects impact of COVID-19.
2. Includes State and employee/pensioner premium contributions; assumes 1% annual enrollment growth for FY21-FY26
3. Includes Rx rebates, EGWP payments, other revenues; FY21 and beyond includes estimated improvements in Rx rebates based on best and final ESI FY20 renewal proposal, provided 1/29/2019; includes fees for participating non-State groups (assumed to increase proportionally with membership and premium growth); FY20 includes \$5.2m CY2018 CMS financial reconciliation payment received January 2020.
4. FY21 and beyond includes estimated reduction in pharmacy claims as a result of best and final ESI FY20 renewal proposal, provided 1/29/2019. FY21 reflects implementation of Highmark radiation therapy authorization program (\$633k annual savings per Highmark). Assumes no other program changes in FY21 and beyond.
5. FY20 Minimum Reserve levels updated with data through June 2019; FY20 Claim Liability updated with lag factors as of Dec 2019 and claims data through December 2019; FY21 reserves assumed to remain at FY20 levels; future years assumed to increase with overall GHIP expense growth.
6. Reflects FY21 plan savings based on ESI year 5 traditional pharmacy BAFO renewal; assumed to increase with trend FY22 and beyond
7. One-time COVID-19 reserve as approved by SEBC on July 27th, 2020

It is evident that the COVID-19 pandemic will have an impact on health care costs. We have used available information and reasonable estimation techniques to develop health care cost estimates for the GHIP that reflect the impact of COVID-19. However due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.

Health care budget development

Assumption and pricing analysis details



- **Claims experience** provided by vendors (Highmark, Aetna, and ESI) reflect paid claims and enrollment for the most recent available 24 months, or two experience periods (1/1/2018 – 12/31/2019)
- Claims experience adjusted for **claim offsets** from pharmacy rebates and EGWP funding
- **Incurred But Not Reported (IBNR)** adjustments convert paid claims to an incurred basis based on the lag between when a claim is incurred and when it is paid
- **Exposure** adjustments convert claims experience into a *per adult* equivalent claims cost
- **Inflation and trend** adjustments increase the claims costs to reflect expected year-over-year increases to the cost of services
- **Plan Design** adjustments applied to the claims costs to reflect any plan design changes or movement across plans, and are based on the relative difference in *actuarial value* of the plans
- **Vendor adjustments** reflect results from medical TPA RFP and other adopted vendor initiatives
- **Self-insured fixed costs** are added to the adjusted claims cost to develop the **total budget**; this includes administrative service fees and operational expenses

WTW projected total budget is based on a best estimate of projected GHIP expenses (claims, fees, etc.) and does not assume any surplus offset or deficit recoup based on current Fund balance

COVID-19 considerations

- Naturally, both the volume of deferred care and the likelihood it returns will vary based upon the type of care; the table below offers insights as to the types of care for which demand is building and the possibility of its return to the system:

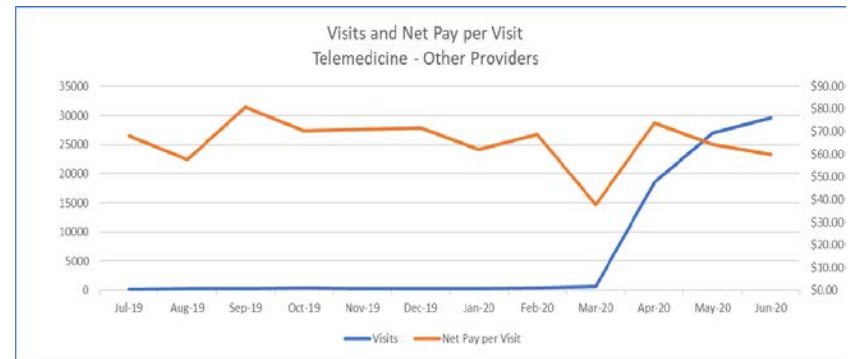
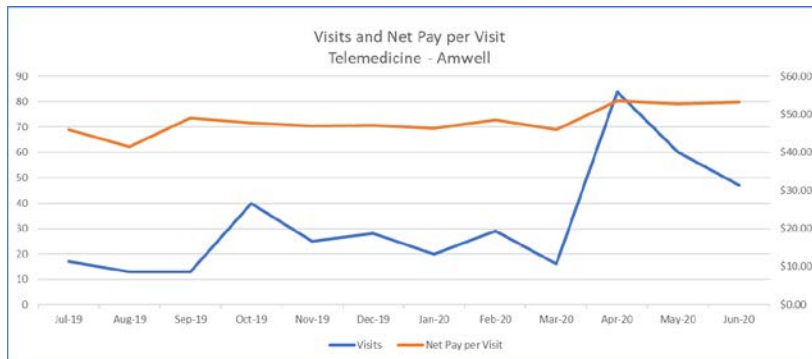
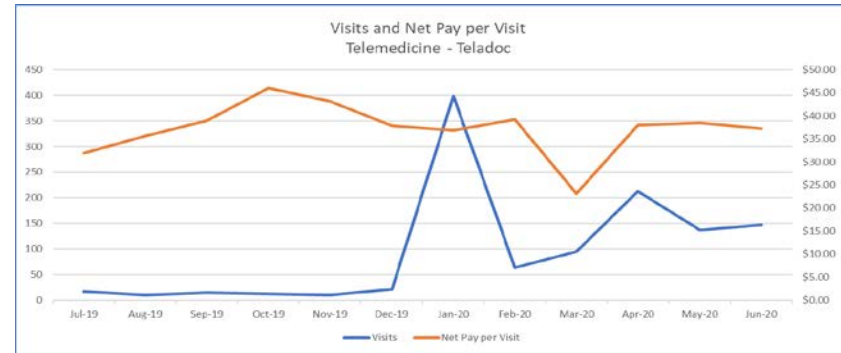
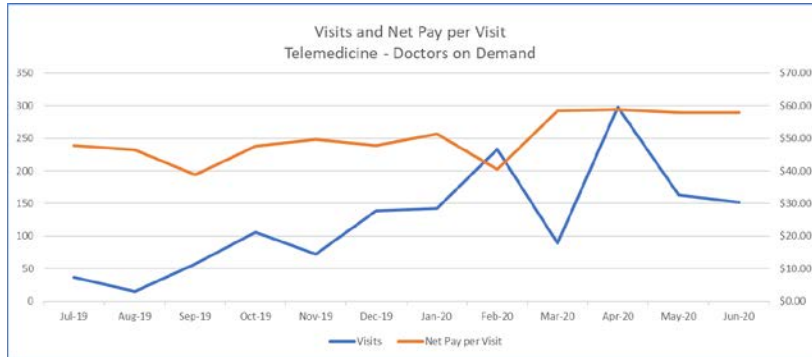
Type of Care	Reduction in Utilization	Illustrative Utilization Curve	Pent-up Demand	Comments
Pharmacy	None ▶		◀None	Most maintenance prescriptions are still being filled, although more are transitioning to mail order. Fewer office visits could reduce new prescriptions
Office Visits/ Dental Care	High ▶		◀Low	Only highly urgent care is being delivered; most preventive care will resume but lost volume will not be recovered
Acute Emergency Care	Low ▶		◀None	Those with less serious emergencies are avoiding care now; these cases will have resolved when current restrictions are lifted
Accidents	High ▶		◀None	Less travel means fewer accidents. There is no reason to believe that there will be an increase in accidents to make up for this
Non-Urgent Procedures	High ▶		◀High	Many non-urgent procedures are very important to patient health and will be performed later. Some in queue will have resolved and will not be performed
Cancer Care	Moderate ▶		◀Moderate	Most care will eventually be delivered. Delay could mean some patients will no longer be candidates for intensive interventions
Transplants	High ▶		◀Low	Many transplants have been deferred. Cadaver organ supply is lower with decreased movement. Some on waiting lists will have died
Cardiac care	Moderate ▶		◀Unknown	Hospitals are seeing fewer heart attacks and strokes; it is unclear what the long-term consequences will be

State of Delaware Group Health Insurance

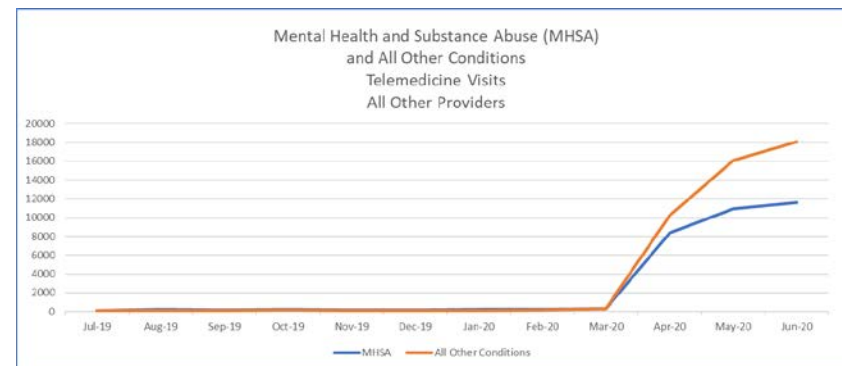
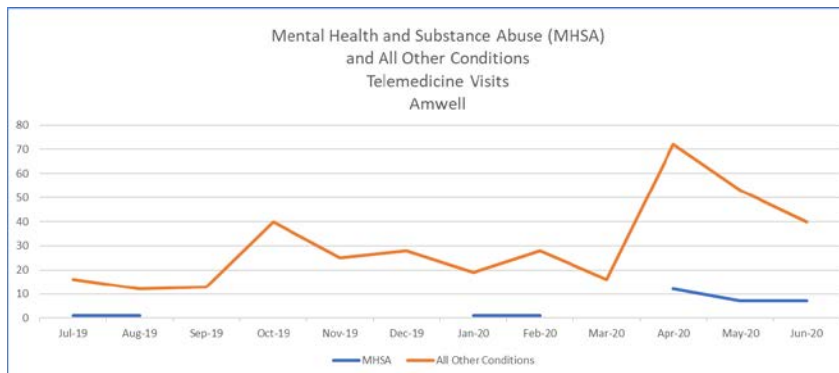
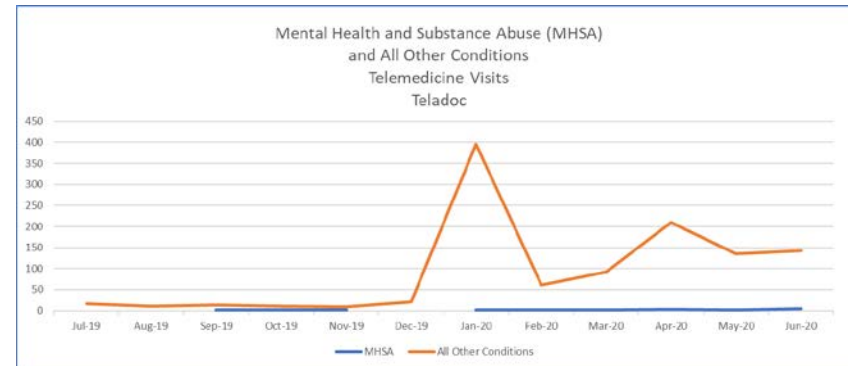
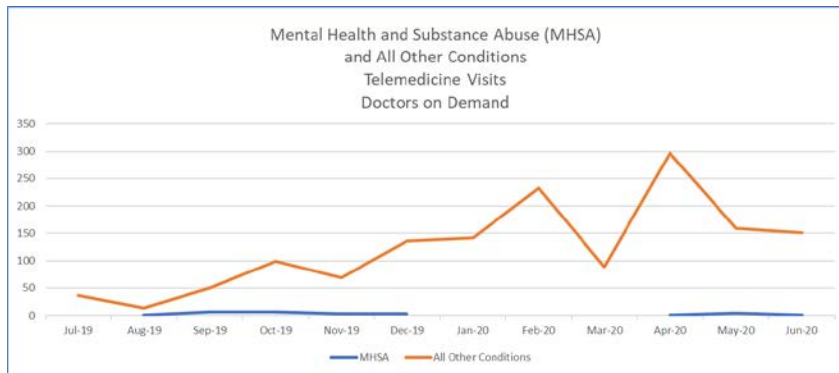
Selected Utilization Trends July 2019 – June 2020 Based on Paid Claims



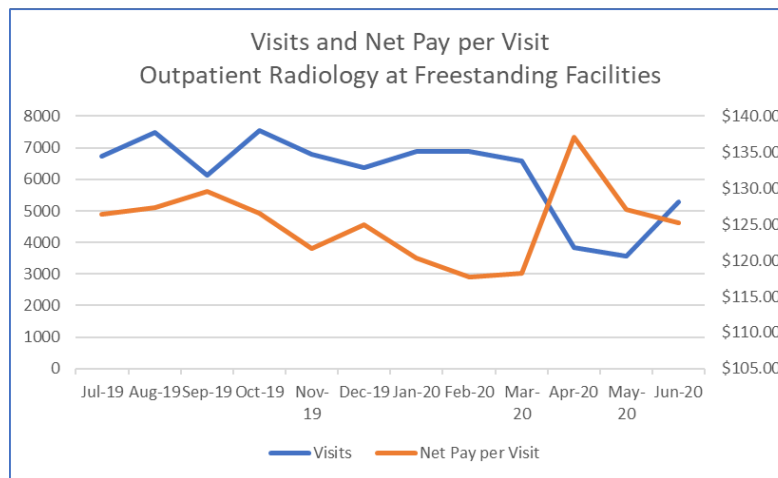
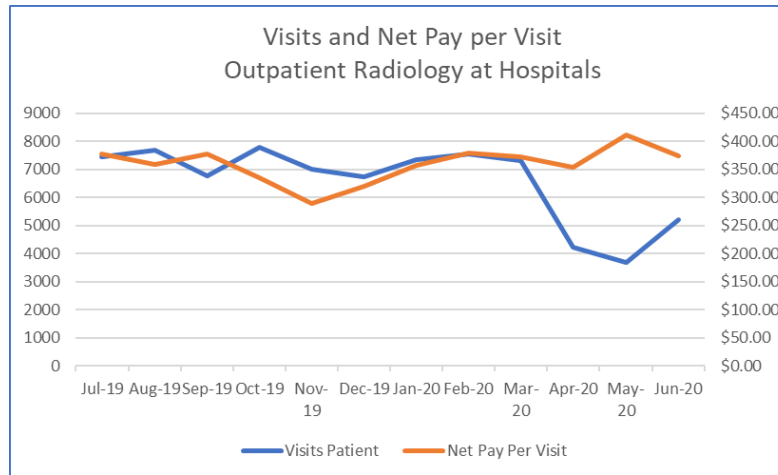
Telehealth Visits by Provider



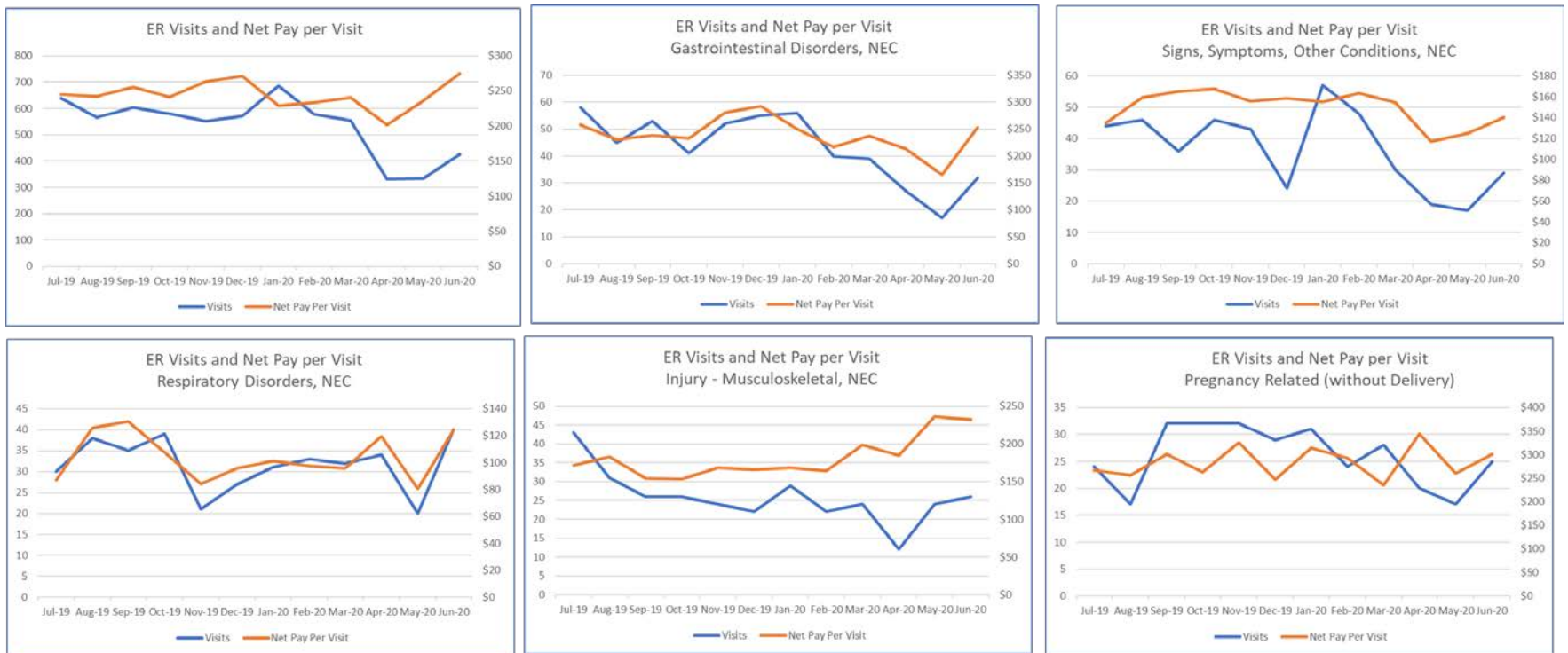
Mental Health and Substance Abuse (MHSA) and All Other Conditions Telemedicine Visits by Provider



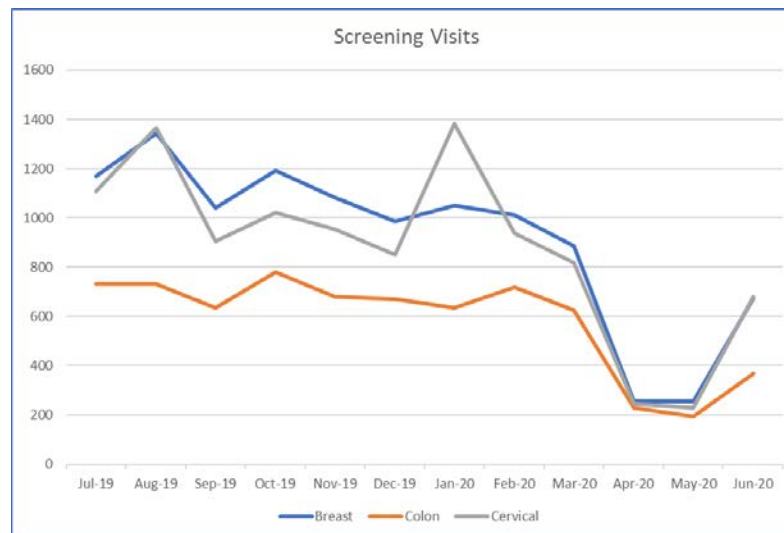
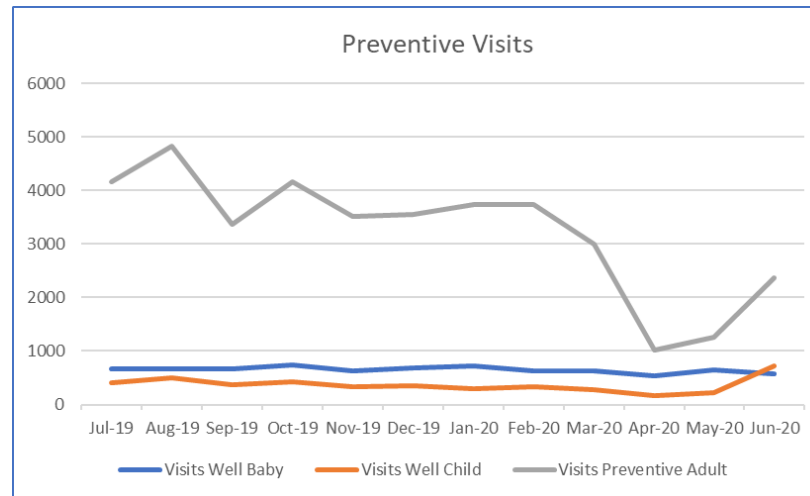
Radiology Visits by Place of Service



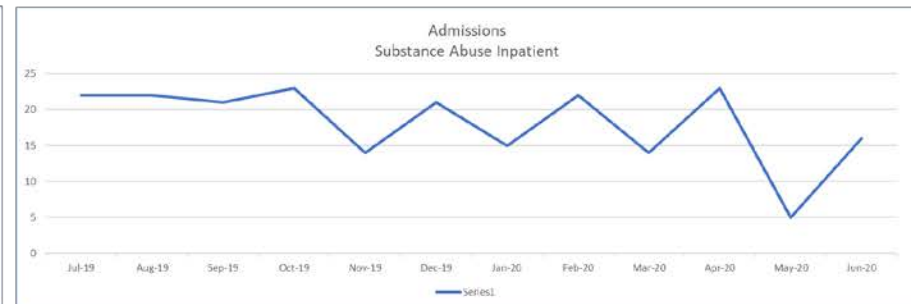
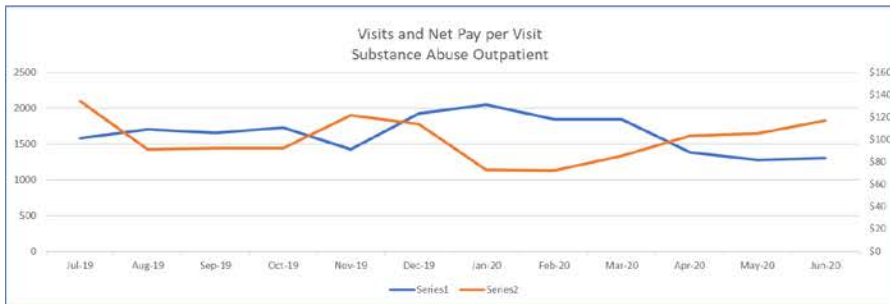
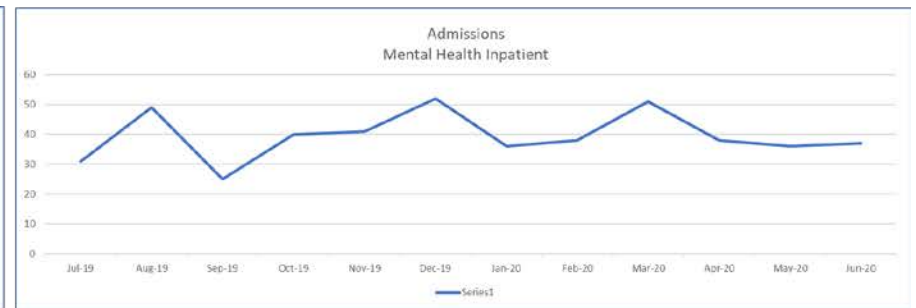
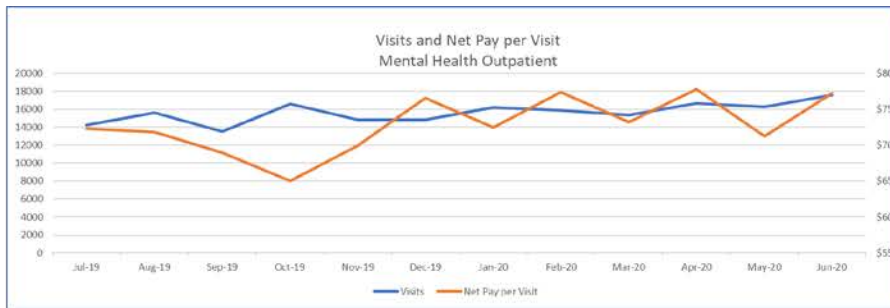
Overall ER Visits and ER Visits for Top 5 Clinical Conditions



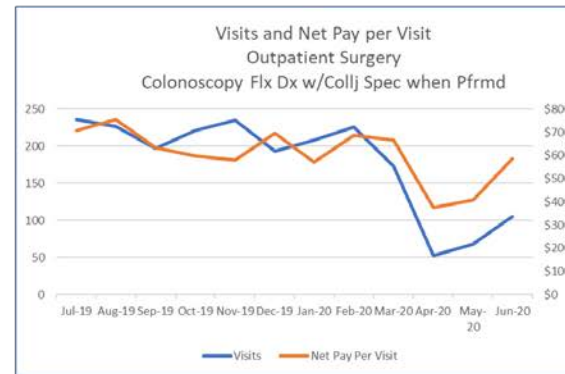
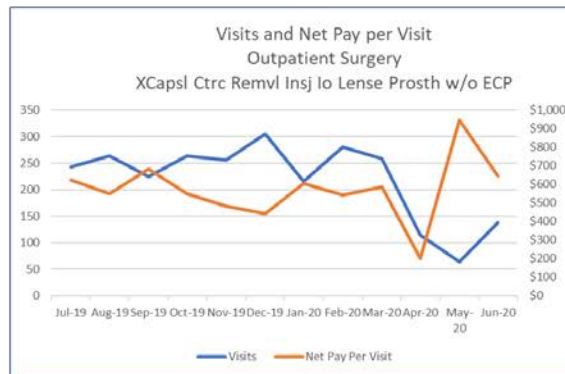
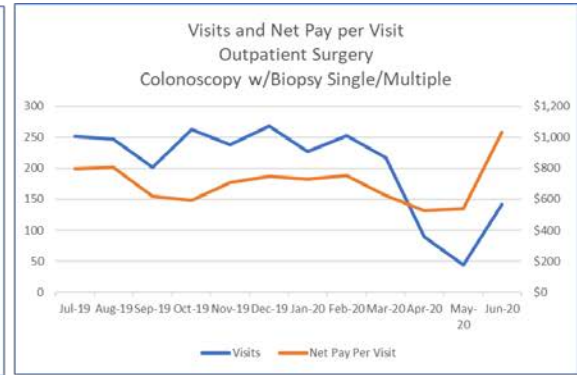
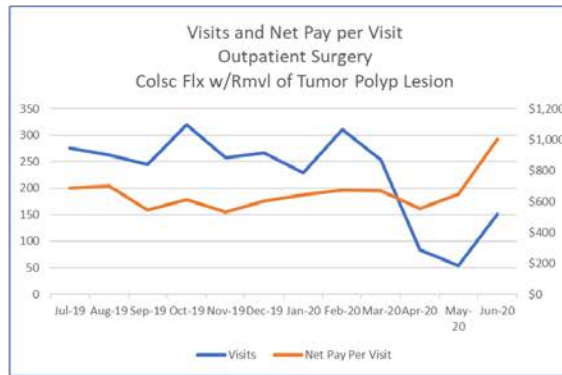
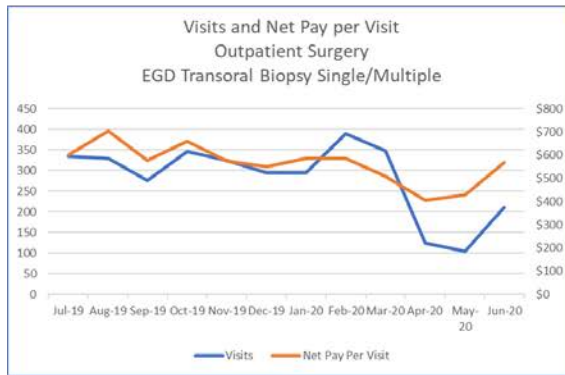
Preventive and Screening Visits



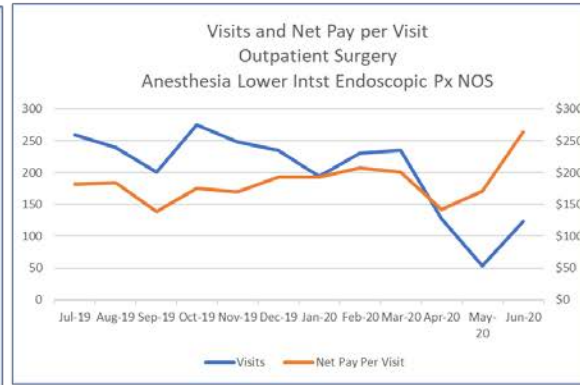
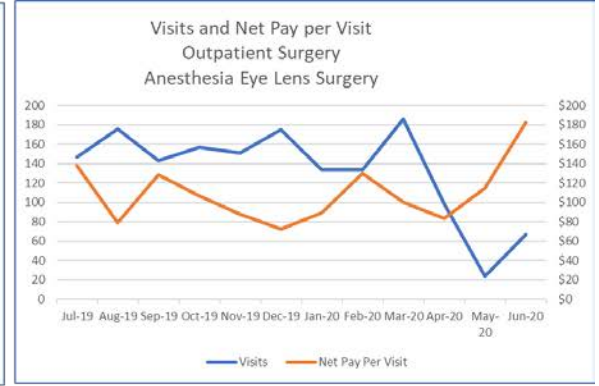
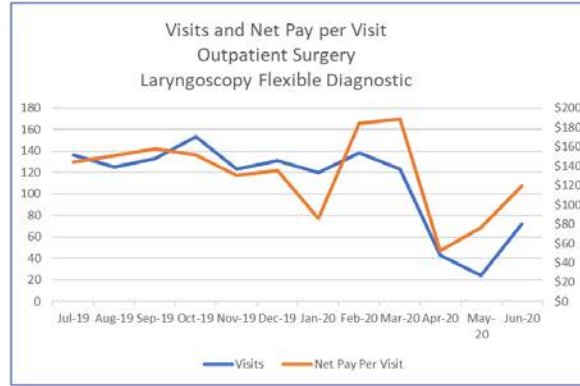
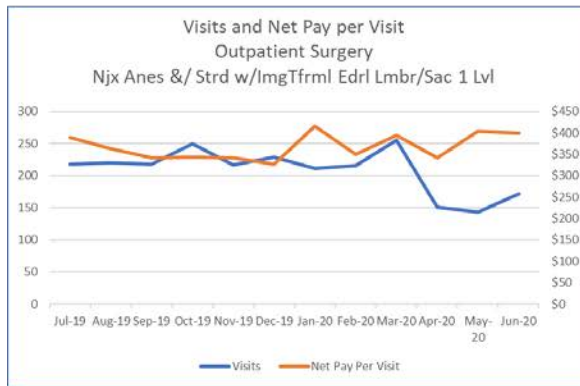
Mental Health and Substance Abuse Visits and Admissions



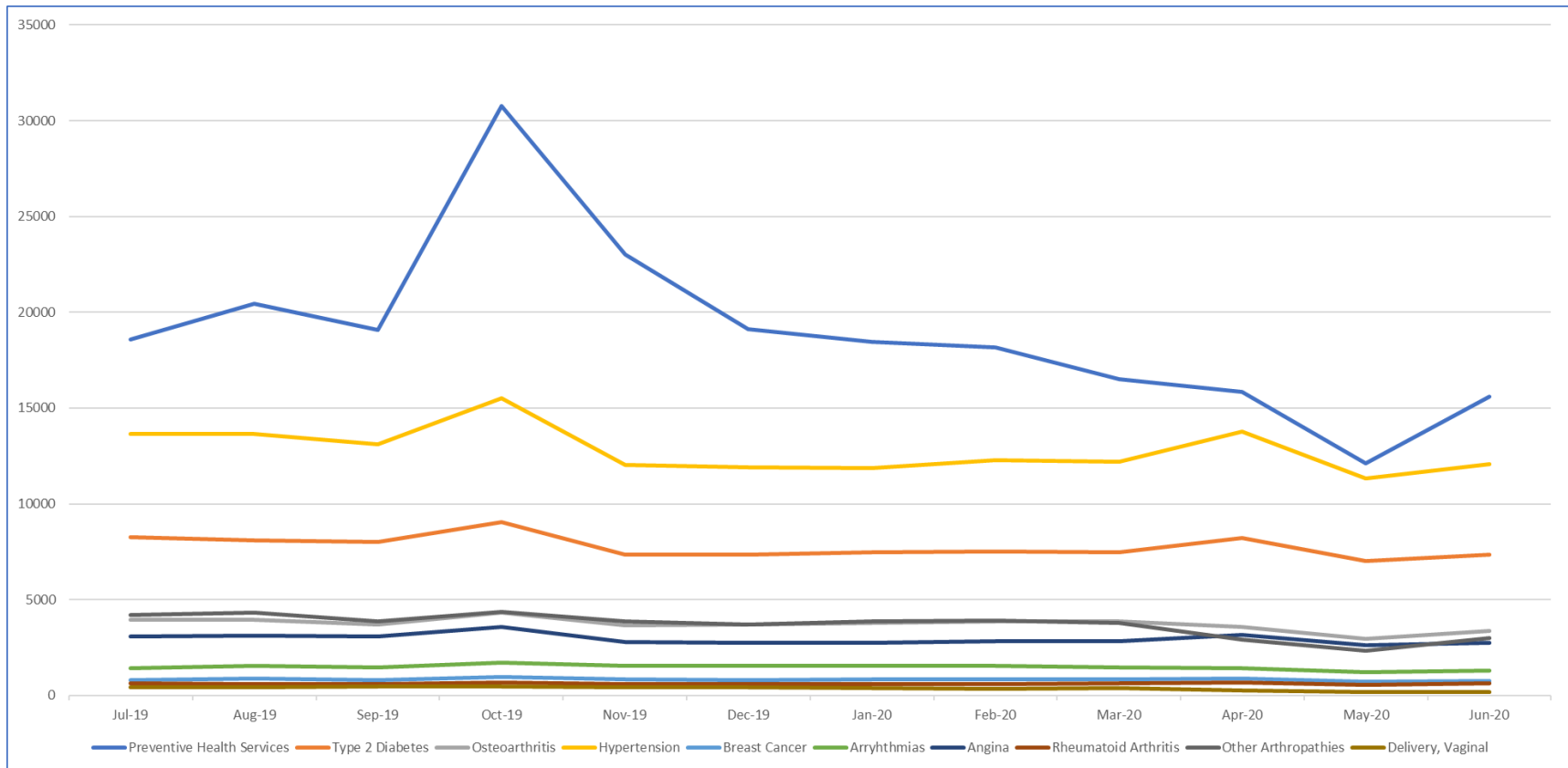
Outpatient Surgery Visits by Top 10 Procedures



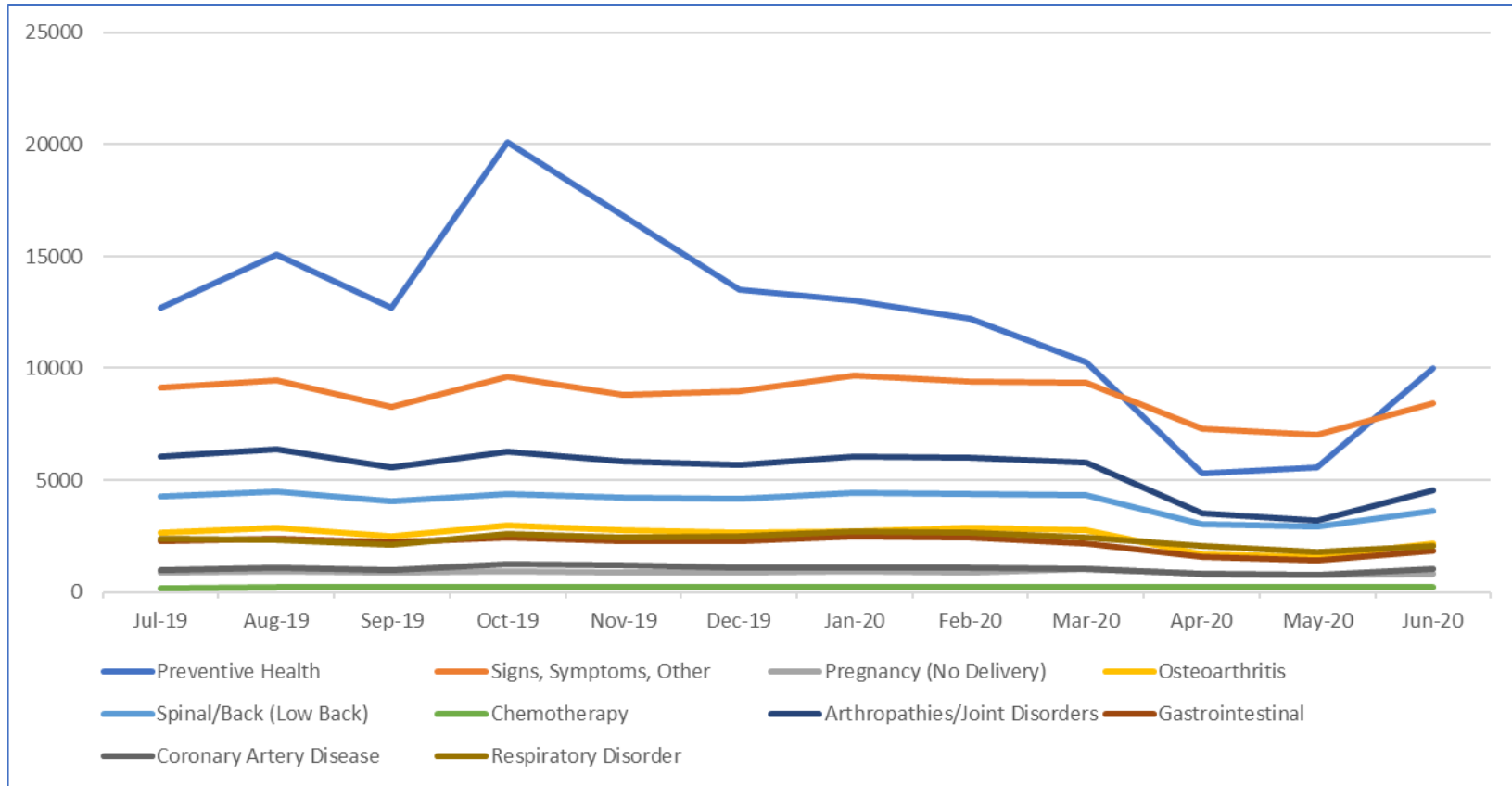
Outpatient Surgery Visits by Top 10 Procedures (Con't)



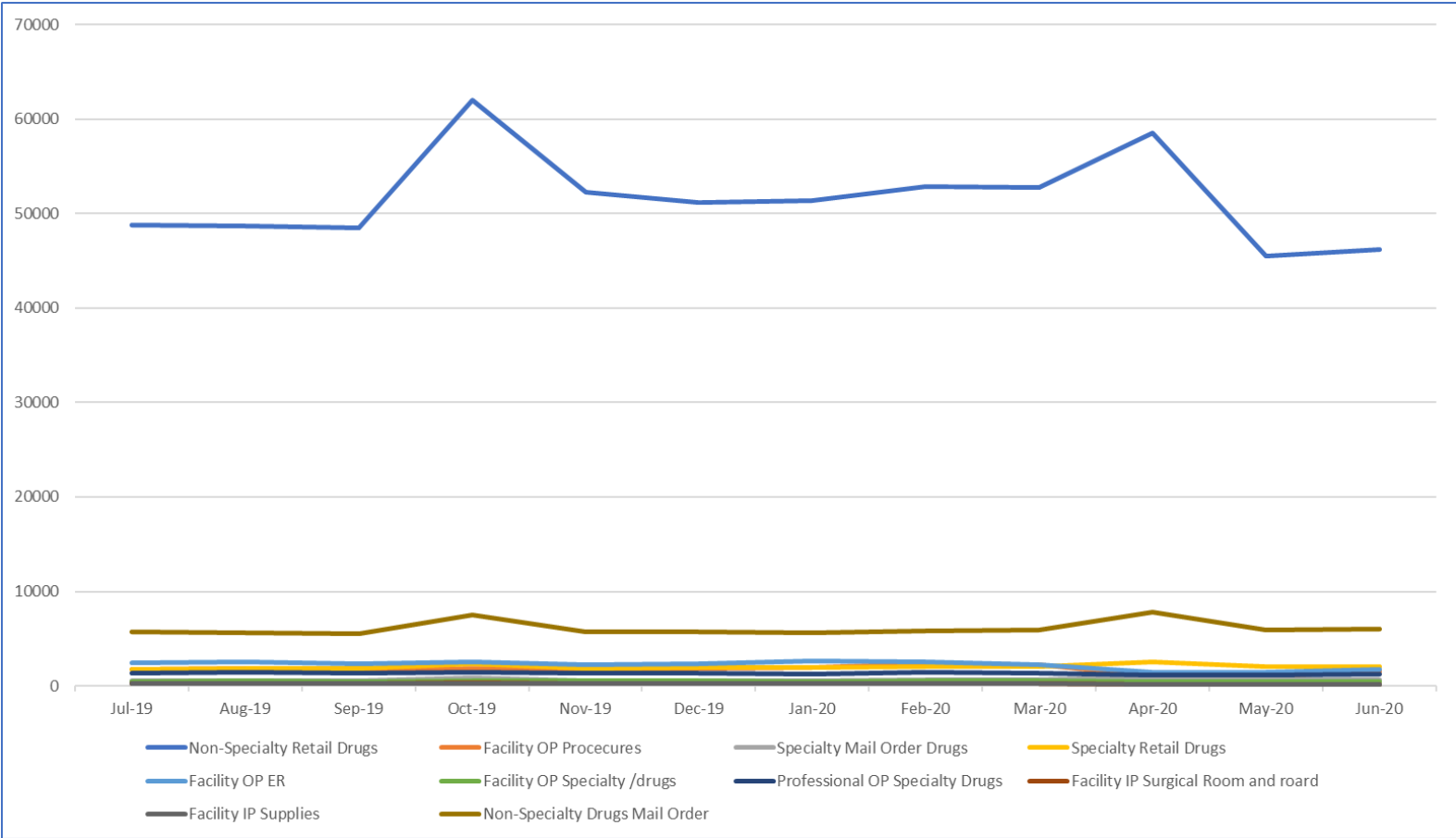
Patients by Top 10 Episode Types



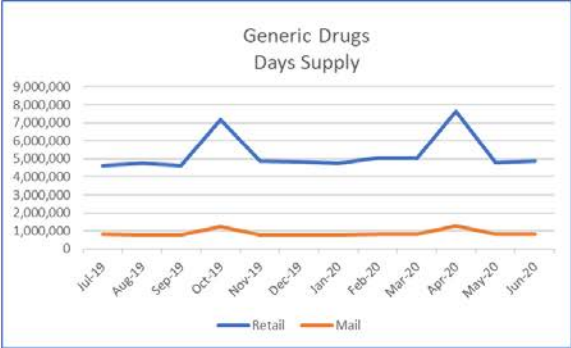
Patients by Clinical Condition



Patients by Service Subcategory



Rx Utilization



Anxiety, Depression and Sleep Prescription Utilization (Selected Products)

