

**State Employee Benefits Committee**  
**Friday, February 6, 2015 at 2:00 p.m.**  
**Tatnall Building, Room 112**  
**Dover, Delaware**

*Approved 2/20/2015*

The State Employee Benefits Committee met on February 6, 2015, at the Tatnall Building, Room 112 in Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB	Omar Masood, Office of the Treasury
Brenda Lakeman, SBO	Mike Morton, Controller General
Faith Rentz, SBO	Jennifer Mossman, Highmark DE
Howard Atkinson, Segal	Mike Norris, Aetna
Alexis Bryan-Dorsey, OMB	Casey Oravez, OMB
Ronald Burrows, DRSPA	Lori Peddicord, City of Dover
Lisa Carmean, City of Milford	Karol Powers-Case, DRSPA
Tom Cook, Finance	Sandy Richards, AFSCME-R
Jessica Eisenbrey, OMB	Paula Roy, Roy Associates
Karin Faulhaber, PHRST	Shari Sack, AFLAC
Andrea Godfrey, OMB, BDPA	Aaron Schrader, SBO
Judy Grant, HMS	Paul Silverman, DHSS
Pat Griffin, AOC	Jim Testerman, DSEA-R
Darcell Griffith, Univ of DE	Everett Toomey, DRSPA
James Harrison, DSEA-R	Stuart Wohl, Segal
Kim Hawkins, City of Dover	Debra Yoder, Aetna
Andrew Kerber, DOJ	Rebecca Zink, Office of the Treasury
Kathy Kunkle, OMB, Pensions	

#### **Introductions/Sign In**

Director Ann Visalli called the meeting to order at 2:03 p.m. Anyone who had public comment was invited to sign-in and any others wishing to comment would be given the opportunity at the end of the meeting. Introductions were given around the room.

#### **Approval of Minutes**

Director Visalli requested a motion to approve the minutes from the January 9, 2015 SEBC meeting. Controller General Morton made the motion and Mr. Cook seconded the motion. Upon unanimous voice vote the minutes were approved.

#### **Director's Report – Brenda Lakeman**

Ms. Lakeman mentioned the news regarding the Anthem (data) breach which did not affect any of the States members and only affected members actually part of the Anthem plan. Statewide Benefits Office (SBO) has responded to all inquiries and will keep SEBC informed of any changes.

#### **Group Health Financial Reporting**

Ms. Oravez reviewed the Fund & Equity reporting for December 2014 and pointed out that \$4.1M was received from prescription drug rebates and there were also five weeks of Highmark claims in December. The fund equity balance is a negative \$51.38M. Director Visalli reminded the committee when this plan has a surplus, it was voted to use the surplus at times rather than make plan design or premium changes.

#### **Employee Assistance Plan Award Recommendation**

On October 20, 2014, the Statewide Benefits Office (SBO) issued the Release of Request for Proposals (RFP) for the Employee Assistance Program to go into effect July 1, 2015. HMS/Health Advocate is the current administrator of these services. By November 17, 2014, the Proposal Review Committee (PRC) received bid responses from seven vendors: HMS/Health Advocate, Aetna Behavioral Health, Deer Oaks EAP Services, Magellan Health Services, Humana, E4Health, Inc. and ComPsych Corporation. All vendors confirmed acceptance of all minimum requirements contained within the RFP. On December 19, 2014, based on analysis conducted by the Statewide Benefits Office with assistance from Segal

Consulting and no objection from the Proposal Review Committee (PRC), HMS/Health Advocate and ComPsych Corporation were selected as finalists. The other vendors were removed from contention due to a combination of financial, plan design and coverage concerns. The PRC met on January 15, 2015 for final interviews with HMS/Health Advocate and ComPsych. Carriers were given the opportunity to present their processes and capabilities in the areas of plan administration, strength of network/providers, individual professional counseling, online work/life services and programs and on-site training and educational seminars. Discussion with the PRC following the interviews centered on each finalist's provider network and how closely their networks aligned with the State's current medical plan administrator's network, referral process for participants in need of continued services through medical plan, website and online services - accessibility to employees, accessibility to Facilitators for Onsite Seminars, Training and Critical Incidents. Ms. Rentz commented pricing and depth and breadth of services available between the two finalists were similar with neither vendor having an advantage over the other.

PRC scoring and subsequent vote resulted in a recommendation to award the contract for EAP services to HMS/Health Advocate based on an approximate 5.5% savings over the current contract, HMS/Health Advocate will extend benefits to parents and parents-in-law as of July 1, 2015 at no additional cost to the State, five year per employee per month fee/rate guarantee (July 1, 2015 – June 30, 2020), and under the current contract HMS/Health Advocate has exceeded contract expectations in terms of program administration and positive feedback by participants who have engaged HMS/Health Advocate for services offered under the EAP. The Statewide Benefits Office and HMS/Health Advocate have made significant progress in outreach and communication with State employees on the services and value of the EAP benefit. The PRC recognized that a change in vendor could have an adverse impact on the confidence and name recognition achieved by the incumbent vendor.

The Proposal Review Committee recommends HMS/Health Advocate be awarded the contract for Employee Assistance Program Administration, for an initial term of three years beginning July 1, 2015 and two one-year optional renewal years. Rates shall be guaranteed for five years. Such award shall be subject to a finalized contract.

Director Visalli thanked HMS for their past service and stated that a vote would be required after public comment.

### **Open Enrollment 2015 Initiatives**

Ms. Rentz shared the new SBO Communications strategy for Open Enrollment (OE) by first sharing research conducted in September 2014 by a focus group indicating confusion still exists for members understanding their benefits. This research led SBO to a new path of creating more recognizable and consistent communications. This starts with the development of a new logo, tagline of "Benefits Made Easy" and a common look and feel with a mixture of communications methods including email, print, website, video, Facebook, etc. Customized email blasts are scheduled to be sent every week to all state agencies, including school districts through the open enrollment period. The first e-news scheduled to be sent by DTI on February 16, 2015. SBO is asking all ISO's, HR Management and agencies to help raise awareness to those employees without State email. Posters are being mailed to all sites to help bring awareness to upcoming campaigns and conducting on-site sessions is another option to reach out to employees. Ms. Lakeman commented that PHRST is looking into the possibility of issuing an email address to all State employees. Director Visalli stated the Pension Office is also trying to be more electronic to reduce mailing statements. There are 120,000 members that participate in our health care and how we communicate with them is a challenge. Ms. Rentz shared in April there are three Employee Education Sessions scheduled: April 15 at DTCC Stanton Campus, April 21 at DTCC Owens Campus and April 22 at DTCC Terry Campus. Each date has three sessions scheduled (morning, lunchtime and evening) with online registration encouraged and available April 1<sup>st</sup>. Employees are encouraged to obtain OE materials and Notices online by logging onto Employee Self Service (ESS) from March 1<sup>st</sup> to March 31<sup>st</sup> and verify their contact information. Employees that complete both will be entered in random drawings to win an iPad or a \$50 gift card which are being provided by Highmark Delaware and Aetna.

The Spousal Coordination of Benefits Form will be available in PHRST for employees to access by May 2015. This form needs to be completed annually by employees or when a spouse experiences a change in coverage. ESS will allow some pre-populated data to load from PHRST data which will allow users to access the saved form as opposed to completing a

new form each year. There are no changes for Pensioners and Participating Group Employees as they will continue to access the existing form. Ms. Griffin asked why this form needs to be completed each year. Ms. Lakeman stated it must be done to capture current data. Director Visalli commented it is a cost saving measure.

Minnesota Life Enrollment is scheduled for May 11 to May 28, 2015. Currently this enrollment is external to PHRST and ESS system. SBO has seen a decline in the life insurance enrollment since it is not integrated and employees tend to forget and not enroll. Changes have been made so active PHRST employees not currently enrolled may enroll during 2015 OE with a single sign on functionality to access the Minnesota Life website from ESS or other State portal. Employees will use same username and password as for ESS. Current active PHRST employees will have the option to enroll in coverage, not to exceed three times annual salary, without evidence of insurability. Those currently enrolled with less than three times annual salary will have the opportunity to increase their coverage by one times annual salary (not to exceed three times annual salary). There is a slight rate decrease for active PHRST employees and newly enrolled employees beginning July 1, 2015 as negotiated as part of the 2014 Life Insurance RFP.

Health Fairs are scheduled for Tuesday, May 12 at DTCC Stanton Campus, Thursday, May 21 at Carvel State Building, Wednesday, May 20 at the Duncan Center and Wednesday, May 13 at DTCC Owens Campus.

### **Group Health Program FY16 Planning**

Ms. Lakeman reviewed the slide presentation and went through the objectives which include a Recap of FY14 and FY15 recommendations, FY13/FY14 Claim Comparison, Trend Analysis, Actual/Projected Claim Costs FY13 to FY16, Affordable Care Act Fee Summary, Actual/Projected Premium Revenue FY13 to FY16, the Governor's Recommended Budget for Group Health and the Next Steps.

Claims have increased approximately \$70M from FY2013 to FY2014 which was not the expected trend. Historical trend analysis shows a significant increase of claims for medical and prescription drugs. This increase from FY14 Q3 through today was caused by compound drugs having a \$2.6M increase and specialty drugs for Cancer and Hepatitis C having a \$7M increase along with a \$21M increase due to high medical claims and \$21M for Others which include Outpatient Services (Pharmacy & Blood, Urgent Care, Emergency Room, Dialysis, Preventative) and Prescription Drug (Flat cost sharing, price inflation). Compound Drug management program implemented in September 2014 resulting in a significant reduction in Compound Drug expenses for FY15 and beyond.

The Affordable Care Act (ACA) includes a Transitional Reinsurance Fee charged for Non-Medicare covered lives under the plan (including dependents). The fees are charged by the calendar year. A portion of the fee is paid in January immediately following the calendar year. The remainder is paid in the fourth quarter following the calendar year. It does end after FY17.

Patient-Centered Outcomes Research Institute (PCORI) fee is a \$1 per member fee per year starting FY13 and continuing through FY20. The fee increased \$1 in FY14 and is adjusted annually each year. The fees are charged for the fiscal-year and paid annually by July 31 of the calendar year immediately following the last day of the plan year.

Ms. Lakeman reviewed the Group Health Revenue and noted that FY2014 shows an expenditure of \$21.6 from the Unbudgeted Surplus. For FY2015, premiums are budgeted at \$623.9M and a planned utilization of \$7.5M of the Budgeted Surplus with an estimated \$56.2M excess loss to be absorbed by Health Fund for FY15 for a total of \$689.1M in revenue. For FY16, we trend forward using 5.5% needing a total of \$722.4M revenue where the premiums are estimated to bring in \$624.1M.

The Governor's FY16 recommended budget includes \$26.1M General Funds for Group Health that equates to \$56.2M all funds accounting for Non General Fund dollars (e.g. school local funding), Nonpayroll group full funding of premiums and employee and retiree share of premiums. Ms. Lakeman stated at the February 20<sup>th</sup> SEBC meeting, we will review the FY15 Q2 financials, FY16 projected expenses versus revenue, present options for balancing revenue and expenses and present the FY16 DelaWELL Program. At the March 6 SEBC meeting, we will continue discussion on options for

balancing revenue and expenses for FY16. Then at the March 20 SEBC meeting, we will finalize the recommendation for balancing revenue and expenses for FY16.

### **Public Comment**

Ms. Powers-Case, DRSPA, asked for the definition of HMS. Ms. Lakeman responded Human Management Services. Ms. Sack, AFLAC, stated that most of her questions were answered with the presentation and wanted to say they are glad to have the opportunity to meet on site and look forward to helping communicate and educate employees in regards to the AFLAC Supplemental Benefits. Mrs. Lakeman clarified a statement made when the Supplemental Benefit award was discussed at the last meeting that any funding or benefits that the employee receives from AFLAC are not an offset to disability. These are totally separate benefits. Employee would receive disability payments (short or long term) from the State as well as any benefits covered by AFLAC. Mr. Testerman, DSEA-R, commented that any increase in the cost of the benefit be placed on premiums as opposed to co-pays. Co-pays discourage, in particular, the lower paid employees and retirees from seeking medical attention which almost always is more expensive in the long run.

Director Visalli requested a motion to approve the recommendation as outlined for the Employee Assistance Program Administration. Ms. Griffin made the motion and Controller General Morton seconded the motion. Upon unanimous voice vote the contract award to HMS/Health Advocate was approved.

Ms. Griffin asked about our trend in terms of the increase compared to other plans nationally? Ms. Lakeman stated they pulled several national surveys to look at them and over the last couple of years, 2013 and 2014; plans are experiencing an 8% trend. Our trend had been extraordinarily low and even now our trend now is more like the national trend, but certainly not above it. Plans that are experiencing lower trends are doing so because they made changes to their benefit design which lowered costs. Ms. Griffin asked when did we change to Highmark and did that have any impact? Ms. Lakeman commented that we did not see any difference since this change and an audit was performed of the Highmark claims after the platform change and the audit provided clean results. Mr. Wohl stated it is due to more claims that could have been impacted by a back-log initially and we capture all of this in the projections. A claim audit was performed to assure a certain number of claims are paid properly.

### **Other Business**

None

Director Visalli reminded everyone that the next SEBC meeting would be on Friday, February 20, 2015. She announced that the SEBC would need to go into Executive Session to hear a health appeal and there would be no additional business for the committee after Executive Session. A motion to adjourn the public meeting and go into Executive Session was requested. Controller General Morton made the motion and Mr. Cook seconded the motion. Upon unanimous voice approval, the Committee moved into Executive session at 3:15 p.m. Director Visalli requested a motion to return to public session at 3:35 p.m. Controller General Morton made the motion and Mr. Cook seconded the motion. Director Visalli requested a motion to approve the recommendation on the health appeal. Mr. Cook made the motion and Ms. Griffin seconded. Upon unanimous voice approval, the motion carried. Director Visalli requested a motion to adjourn the meeting. Controller General Morton made the motion and Mr. Cook seconded the motion. The meeting was adjourned at 3:36 p.m.

Respectfully submitted,

Lisa Porter  
Executive Secretary  
Statewide Benefits Office, OMB