The State Employee Benefits Committee met on December 11, 2015, at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

- Ann Visalli, Director, OMB
- Brenda Lakeman, Director, SBO
- Faith Rentz, Deputy Director, SBO
- Lisa Porter, OMB, SBO
- Rebecca Byrd, The Byrd Group
- Lisa Carmean, City of Milford
- Karla Faulhaber, PHRST
- Darcell Griffith, Univ of DE
- James Harrison, DSEA-R
- Kim Hawkins, City of Dover
- Cheryl Heiks, Cozen O’Connor
- Chris Hudson, Univ of DE
- Steve Kunz, CVS Health
- Dave Leiter, DHSS
- Gisela McKenzie, Univ of DE
- Omar Masood, OST
- Mike Morton, CGO
- Jennifer Mossman, Highmark
- Evelyn Nestlerode, AOC
- Casey Oravez, OMB, Financial Operations
- Karol Powers-Case, DRSPA
- Rebecca Reichardt, OMB
- Kimberly Reinagel-Nietubicz, CGO
- Jackie Rhoads, Highmark
- Paula Roy, Roy Associates
- Roger Roy, Roy Associates
- Sheri Sack, Aflac
- Carrie Schiavo, Delta Dental
- Ken Simpler, OST
- James Testerman, DSEA-R
- Jennifer Vaughan, DOI
- Crystal Webb, DHSS
- Karen Weldin Stewart, DOI
- Stuart Wohl, Segal Consulting
- Debra Yoder, Aetna

Introductions/Sign In
Director 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 made.

Approval of Minutes (handout)
Director Visalli requested a motion to approve the minutes from the October 26, 2015 SEBC meeting. Controller General Morton made the motion and Ms. Crystal Webb seconded the motion. Upon unanimous voice vote the minutes were approved.

Director’s Report
Ms. Lakeman provided an update on the Cost Recovery Program Integrity RFP, received 5 to intents to bid and then a few questions with the bids due on December 18. New reporting will need to be done this year for the Affordable Care Act. Form 1095C will be sent to all active employees and non-Medicare retirees to indicate the health insurance available to them, that such coverage is considered to meet minimum essential coverage and is affordable under standards set by the federal government. Form 1095C will also be sent to casual/seasonal or part-time employees that worked 30 hours or more for at least one month during the year; their form will indicate they are not offered coverage. Forms are due to the employees by February 1st (this deadline was later extended by the federal government). Email communications will be sent to employees and also to the non payroll State groups for their employees covered under the health plan. The State will also send copies of the forms to the IRS by end of March (also extended by the federal government). This is the first year for this reporting.

Flexible Spending Account open enrollment ended December 2nd versus December 1st due to a few glitches with the enrollment platform. 519 people enrolled in both healthcare and dependent care spending accounts; 5,238 healthcare
only, 750 dependent care only and 3,179 of those people elected the debit card. Total enrollment was 6,507 which is about 4.5% down from 2015 which was at 6,802.

Financials
**Fund & Equity – October 2015 - handout**
Ms. Oravez reviewed and discussed the October 2015 Fund & Equity report. The health fund balance for the end of October was reported at $8.3M. With the new format and ability to project through the end of the fiscal year of June 30, a balance of $9.57M is expected. For October, the projected expenses have started to decrease as claims are going down as explained by Ms. Oravez as she reviewed a new supplemental document with the committee. This will be updated monthly to show where it’s trending for remainder of the year and will be presented to the committee quarterly. Discussion occurred around this.

**FY16 Q1 Financials - handout**
Mr. Atkinson, Segal, reviewed the FY16 Q1 financial reporting. It was reported the combined grand total for medical premiums is $137.1M which is a 13.7% increase over the prior quarter a year ago. Medical claims and expenses total $132.7M which is a 3.9% increase for a gain of $4.3M or 3.2%. Premiums increased more than the claims so the trend is moving in the right direction as shown in this first quarter report. Prescription expenses of $47.2M exceeded premium revenue at a loss of $8.1M or 20.7%. The plan experienced a combined overall deficit of $5.0M. Aetna plans experienced a total surplus of $485,210 for FY16 Q1 with Highmark plans seeing a total deficit of $5.5M. Charts and graphs showing the experience of each plan and plans combined were explained. On average the cost per employee and pensioner is approximately $11,268 per year. Discussion around the reporting, trends, projected operating expenses continued including clarification on the assumptions used in the Fund & Equity projected expenses and any demographic differences in the active non-Medicare population from the actual non-Medicare population.

**Prescription RFP Contract Award Recommendation - handout**
Concerning the Pharmacy Benefit Management Request for Proposal, (RFP) there were nine bids received. Four vendors did not either meet key requirements or were not financially competitive. The Proposal Review Committee (PRC) conducted an in-depth analysis and evaluation of the remaining vendors as outlined in the handout. The recommendation of the PRC was to award the Contract for Pharmacy Benefit Management services to Express Scripts for an initial term of three years with two one year renewal option beginning July 1, 2016 and contingent upon approval of the DTI terms and conditions and finalized contract and other comments noted in the handout. Reasons for the recommendation included significant plan cost savings and no impacts in terms of pharmacy network or clinical program management disruption. It was added that savings will be higher in the second and third year of the contract with Express Scripts.

**Telemedicine/Telehealth Follow-ups - handout**
Ms. Lakeman presented the answers to the follow-up questions for both Highmark and Aetna’s Telemedicine Vendors along with the communications plan as outlined in the handout.

**State Employees Health Plant Task Force Follow-up Discussion**
Ms. Lakeman stated the final report is due on Tuesday, December 15th. The draft report was distributed to the Task Force members with comments due back today and only a few have been received. There will be two follow-up Public Testimony meetings scheduled for January 4 in Kent County and January 12 in New Castle County.

**Public Comment**
Ms. Karol Powers-Case commented she was able to locate a facility that was not a hospital near her residence and thinks a lot of people do not know where these facilities are and where they should be going for their tests. Thought there was going to be information sent out and asked about the list of free-standing facilities. As for Medicare retirees, if the Medicfill has to have a premium or co-pay, couldn’t this be based on compensation to be more equitable.
**Motions**
Director Visalli requested a motion to approve the Prescription RFP contract award recommendation that was presented. Commissioner Stewart made the motion and Controller General Morton seconded the motion. Upon unanimous voice vote, the motion carried.

**Other Business**
None

Director Visalli stated the next SEBC meeting is scheduled for Friday, January 22, 2016. A motion to adjourn the meeting was requested. Controller General Morton made the motion and Evelyn Nestlerode seconded the motion. The meeting was adjourned at 2:49 p.m.

Respectfully submitted,

Lisa Porter
Executive Secretary
Statewide Benefits Office