The State Employee Benefits Committee met on March 18, 2016, at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

**Committee Members:**
- Ann Visalli, Director, OMB
- Tom Cook, Finance
- Nora Gonzalez, OST
- Geoff Klopp, COAD
- Mike Morton, CGO
- Evelyn Nestlerode, AOC Designee
- Henry Smith, DHSS
- Karen Weldin Stewart, DOI
- Kathy Kunkle, OMB/Pensions
- Omar Masood, OST
- Gisela McKenzie, Univ of DE
- Jennifer Mossman, Highmark
- Mike North, Aetna
- Casey Oravez, OMB, Financial Operations
- Carol Parrish, Brandywine School District
- Sandra Pech, City of Milford
- Karol Powers-Case, DRSPA
- Pamela Price, Highmark
- Rebecca Reichardt, OMB
- Kimberly Reinagel-Nietubicz, CGO
- Dee Rivard, DSHS
- Paula Roy, Roy Associates/DCSN
- Sheri Sack, Aflac
- Aaron Schrader, SBO
- Ann Skeans, Retiree
- Donna Smallwood, Brandywine School District
- Jeff Taschner, DSEA
- Jennifer Vaughn, DOI
- Stuart Wohl, Segal Consulting
- Nancy Cook, Retiree

**Guests:**
- Brenda Lakeman, Director, SBO
- Faith Rentz, Deputy Director, SBO
- Lisa Porter, SBO
- Andrew Brancati, Highmark
- Lisa Carmean, City of Milford
- Jessica Eisenbrey, OMB
- Karin Faulhaber, PHRST
- Judy Grant, HMS
- Darcell Griffith, Univ of DE
- Angela Hua, Truven Consultant
- Chris Hudson, Univ of DE
- Andrew Kerber, DOJ
- Omar Masood, OST
- Gisela McKenzie, Univ of DE
- Kelly Mossman, Highmark
- Mike North, Aetna
- Casey Oravez, OMB, Financial Operations
- Carol Parrish, Brandywine School District
- Sandra Pech, City of Milford
- Karol Powers-Case, DRSPA
- Pamela Price, Highmark
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**Introductions/Sign In**
Director Visalli called the meeting to order at 2:06 p.m. Anyone who had public comment was invited to sign up to provide comment at the end of the meeting. Introductions were made.

**Approval of Minutes - handout**
Director Visalli requested a motion to approve the minutes from the March 4, 2016 SEBC meeting. Controller General Morton made the motion and Secretary Cook seconded the motion. The motion passed unanimously with Ms. Gonzalez, Designee for the Office of State Treasurer abstaining.

**Director’s Report – Brenda Lakeman**
The 1095C form has a targeted mailing date of March 31st. The Consultant RFP was given an extended deadline of March 31st for bids. The Cost Control Program Integrity contract award recommendation will be presented later at this meeting.

**Financial Reporting**

**Fund Equity – February 2016 – handout – Cathy Oravez**
The February 2016 Fund Equity has a balance of $41.7M and the projected ending fund balance is $21.7M. Three Express Scripts payments were received and a performance goal revenue payment. The claim liability is short $3.27M and the projected year end difference is $23.2M. Director Visalli commented if the forecast holds, we anticipate to end the year with some money going back into the claim liability yet no money in the claim reserve. The Director mentioned
that some committee members received a letter from Treasurer Simpler in making suggestions in comparative analysis and we will continue to work on this.

**FY17 Planning** – handout – Brenda Lakeman
The same projected expenditures were reviewed as previously shared at the last meeting. The FY17 claim liability target was increased from $45M to $48M. The projected FY16 year-end claim liability has a deficit of $22.7M leaving a $26.3M deficit in the claim liability for FY17. The FY17 reserve deficit remains at $79M. The FY17 Governor’s Recommended Budget of $33.3M General Funds equals $56.6M based on the addition of the retiree and employee premiums and the non-State group and other funding. The $56.6M will be allocated to $19.4M FY17 operating fund, $26.3M FY17 claim liability and $10.9M FY17 reserve funding. The FY17 premiums were reviewed and the employee share increase would range from $1.98 for an individual in the First State Basic Plan to a maximum of $19.48 for a family in the Comprehensive PPO Plan. These are monthly rates so bi-weekly would be half of what is shown and rates are deducted on a pre-tax basis. The Medicare rates would not change until January 1, 2017 and the increase is for Special Medicfill for Retirees retired on or after July 1, 2012. For subscriber with Rx, an increase of $1.64 and with no Rx the increase would be $0.92. Those retirees retired before July 1, 2012 would have no increase.

Director Visalli mentioned there are legislature initiatives in the process such as the elimination of the Double State Share, eliminating the grandfathering of Medicare retirees who would then begin to pay a pensioner share and the third item is enrolling all new employees in a Health Savings Account.

Plan design changes to promote consumerism were presented as done at the March 4th meeting. Recommendations include to lower the copay for High Tech Radiology at a freestanding facility to $0 versus current copay of $35. In FY15 there were 12,213 visits both at hospitals and freestanding facilities with 7,167 visits at a hospital outpatient setting. Of the 7,167 imaging visits received in the hospital setting, 300 moving to freestanding will cover the annual program fee of $33,000 and the cost for reduction of the copay at $200K. The recommendation includes monitoring utilization for one year. If movement does not cover costs of copay reduction with additional savings, resume high tech copay for freestanding facilities effective January 1, 2018. A suggestion was to look at the detail for the 5,046 visits to steer these visits toward a freestanding setting and if there are any external factors blocking this movement. It was questioned whether free standing imaging results were available through the Delaware Health Information Network (DHIN).

Another change option is to move utilization to urgent care from emergency room site of service. Data was provided to show utilization for Actives and Non-Medicare and data that included the Medicare population. The recommendation is to reduce the copay by $10 for the HMO and Comprehensive PPO plans. HMO plans would be reduced from $25 to $15 and PPO from $30 to $20. The cost of the copay reduction is estimated at $300K if no change in behavior or movement from ER to urgent care. It was determined that about 200 visits would need to move from ER to urgent care to cover the reduction in the urgent care copay. The recommendation is to monitor utilization for 1 year. If movement does not cover costs of copay reduction with additional savings, increase urgent care copay back to $25 for HMO and $30 for PPO plans effective January 1, 2018.

The prescription drug plan change option was presented. There are 14 medications currently covered where an over the counter equivalent is available and by excluding these medications, a savings opportunity of $44K exists. This would impact 3,529 members. Pre-notification letters would be sent 30 days prior to advise members. Clarification was given that as medications become over the counter, they are no longer covered under the plan. This is not a change in the policy. These 14 medications were found through an audit. There was discussion that a vote is not required for this change as over the counter medications are not to be covered by the prescription program.

A proposed change for the Medicare Retirees for medications covered under Medicare Part B was reviewed. Currently Medicare Part B medications when filled through the Medicare Retiree Prescription Drug benefit are paid in full by the plan. These costs could be mitigated if coordination of benefits was done with Medicare Part B. The shift of costs to Medicare which will cover 80% of the cost of Part B medications is estimated to save the plan $650K annually. A list of drug and supplies covered through Part B was reviewed. If implemented, minimal or no disruption would occur to the patient. Implementation steps were reviewed.
No recommendations are being put forth on the advanced utilization management options previously presented. Continuous monitoring will be done for programs and where effective therapy and savings may warrant future consideration, such information will be brought before the committee.

Short term and long term findings with recommendations from the Health Plan Task Force were presented and reviewed. The Consumerism website was launched March 15th and educational sessions are planned in April for employees to attend. The summarized recommendations for FY17 were presented. There are plans to continue discussion on the FY17 DelaWELL and member engagement strategy at the April meeting. It was noted that an HSA plan will be part of the Health RFP released later this year. The addition of such a plan would likely be part of a contract award recommendation for health plans offerings and third party administrators effective July 1, 2017.

The Cost Control and Program Integrity Recommendation for Award of Contract was presented by Ms. Rentz with recommended contract award to Claim Technologies Incorporated (CTI) for medical claims review services along with a contract award to their subcontractor, Tricast, for the prescription claims review for an initial term of six months or until the scope of work is performed to the State’s satisfaction. The kick-off call is planned to occur before March 31st.

Public Comment
Ms. Karol Powers-Case inquired where the 20% comes from for the Medicare Part B prescription drug coverage. Response was that it would be paid by the plan less the applicable prescription copay. Out of pocket to the member will be no more than what is paid now.

Motions
Director Visalli asked for a motion to approve the recommendation as described in the handout to award the Cost Control and Program Integrity contract to CTI for medical claims review services along with a contract award to their subcontractor, Tricast, for the prescription claims review services as presented. Mr. Smith made the motion and Controller General Morton seconded the motion. The motion passed unanimously.

Director Visalli requested a motion to adopt the proposed rate changes as presented. Secretary Cook made the motion and Mr. Smith seconded the motion. There was discussion on the motion from Ms. Nestlerode who then read a letter submitted from the Judicial Branch to the SEBC committee. Director Visalli asked for a vote for those in favor of the rate changes: 5 In Favor, 1 Objection and 2 Not Voting. The motion carried.

Director Visalli asked for a motion to approve the next three items that included 1) proposed changes on the Medicare Part B versus D Coordination, 2) High Tech Radiology steerage and copay change and 3) Urgent Care steerage and copay change. Secretary Cook made the motion and Controller General Morton seconded the motion. Clarification on the motion noted the one year monitoring of utilization to determine if current copays for free standing high tech radiology and urgent care services will revert effective January 1, 2018. The motion passed unanimously.
Other Business
Correspondence addressed to Director Visalli from Senator McDowell was noted. Director Visalli is working on a response and SEBC members will be included on the response.

Director Visalli stated the next SEBC meeting is scheduled for Friday, April 22, 2016.

A motion to adjourn the meeting was made. Controller General Morton made the motion and Mr. Smith seconded. Upon unanimous voice approval, the meeting was adjourned at 3:13 p.m.

Respectfully submitted,

Lisa Porter
Executive Secretary
Statewide Benefits Office