The State Employee Benefits Committee met on August 22, 2016 with the following Committee members and guests:

**Committee Members:**
- Brian Maxwell, Director, Office of Management and Budget
- Spence Price, Designee, Controller General
- Ken Simpler, Treasurer
- Karen Weldin Stewart, Insurance Commissioner
- Ashley Tucker, Designee of Chief Justice, Administrator of Courts
- Valerie Watson, Designee of Secretary of Finance
- Crystal Webb, Designee, Health and Social Services

**Guests:**
- Brenda Lakeman, Director, SBO
- Faith Rentz, Deputy Director, SBO
- Lisa Porter, SBO
- Cynthia Angermeier, DSEA-R
- Ginger Angstadt, DESA-R
- David Craik, Pensions
- Jacqueline Faulcon, DRSPA
- Karin Faulhaber, PHRST
- Darcell Griffith, Univ of DE

**Guests (continued):**
- Carlton Ingram, Aetna
- Pam Price, Aetna
- Wendy Beck, Highmark
- Andrew Brancati, Highmark
- Stuart Wohl, Segal Consulting
- Walt Mateja, Truven Consulting
- James DiGiusepppe, Willis Towers Watson
- Kevin Fyock, Willis Towers Watson
- Jaclyn Iglesias, Willis Towers Watson
- Rebecca Warnken, Willis Towers Watson

**Introductions/Sign In**
Director Maxwell called the meeting to order at 2:02 p.m. Anyone who had public comment was invited to sign up 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 Maxwell requested a motion to approve the minutes from the July 25th SEBC meeting. Treasurer Simpler made the motion and Ms. Watson seconded the motion. With unanimous voice vote, motion carried.

**Director’s Report** – Brenda Lakeman
Request for Proposal for Third Party Administration of the GHIP was released on Monday, August 15th. Interested bidders have until August 29th to submit their intent to bid. Mandatory pre-bid meeting is to be held August 31st and proposals are due September 26th. Two meetings with the proposal review committee are scheduled in early to late October. Finalist interviews to be held on October 31st and November 1st.

The Consumerism online course was reviewed by 88 pilot participants. Information found most useful was navigation of the website resources, available information and how consumers’ actions relate to health costs and reducing expenses. Final course due to launch by September 28th.

Program integrity and cost recovery review of our medical and prescription vendors for FY14 and FY15 is progressing on schedule. Medical vendor draft reports expected by end of August and prescription vendor report by end of October to be reviewed internally and discuss results with the Committee.

Director Maxwell commented on ASI on a copay issue for lab services. SBO has reconciled the discrepancy.
Director Maxwell asked Ms. Lakeman to review the formulary exclusions with ESI. More prescription drugs will be excluded from the formulary and ESI is in the midst of checking how many members will be impacted. Expect very little impact and a member can always appeal.

**Financials – handout – Casey Oravez**

**July 2016 Fund & Equity Report/Monthly Statement**

The fund & equity report was presented in the new format. First column is July’s actual compared to July’s budget showing an ending balance of $46.3M. Operating revenues were down a bit and received Medicare Part D Coverage Gap Discount payment that was approximately $500,000 less than expected. Claims came in lower specific to Highmark and administration fees are lower due to new ESI contract.

It was noted that actual premiums came in lower than budgeted for July. Premiums are collected monthly from University of Delaware and the participating groups with premiums being due the 1st of each month; however, active State employee premiums are collected on a lag basis so the impact of the July 1 premium increase is not fully reflected in the actual revenue. Items for follow-up include the percentage of State versus participating groups in terms of premiums, discussion on claim liability and reserve assumptions and methodology and a glossary of terms to accompany the Fund & Equity report.

**Group Health Insurance Program (GHIP) Strategic Planning Discussion – handouts (4) – Willis Tower Watson (WTW)**

**Quarterly Cost Tracking Update** - Rebecca Warnken noted that all cost and utilization data shown is for illustrative purposes and does not reflect the State’s actual performance. WTW will report at September’s meeting with actual numbers on Q4 FY2016 for medical/pharmacy. The key objectives, data sources, reporting metrics were reviewed along with quarterly reporting proposed recommendations. It is feasible to go back three years to benchmark data. Noted that EGWP payments are lagged and currently only see medical & Rx on the claims side-not on monthly reporting. Further discussion occurred around the reporting recommendations from WTW with concern of combining Medical and Rx to report premiums and loss ratio. It is possible to add two lines to show both and to address assumption when moving into FY17 reporting. Other reporting proposals are to move from the current incurred basis to paid claim basis that captures the State’s current health care program expenditures and allows more accurate comparison to the Fund & Equity Report and for high cost claimants (HCC) not currently captured in quarterly cost tracking, add exhibit tracking of HCC with paid claims in excess of $100,000.

**FY2016 Cost Analysis – Paid Data through Q4** - Ms. Warnken presented the formats that will be used to provide overall medical and prescription drug results, summary plan information and key medical and prescription drug cost drivers. Cumulative Medical/Rx Claims for HCC (over $100K) was presented. Same data but cut up in different categories displayed on slides 5 through 7 where slide 8 showed same data by plans. Glossary of terms displayed on slides 9 through 12.

**Medical and Prescription Drug Dashboard** – Ms. Warnken stated the intent here is to examine detail each quarter through the nine areas displayed to understand what is driving costs. Data from Truven would be held here.

**Strategic Framework Development Discussion** – Kevin Fyock explained today’s meeting is initial fact-finding and current state assessment with highlights of the GHIP program. The project timeline was revisited. WTW has met with several stakeholders of the GHIP to learn focus areas and concerns and these key themes were shared; more stakeholder discussions to continue through August. Complete findings will be presented at September’s SEBC meeting. Jaclyn Iglesias of WTW shared key observations of demographics and plan highlights. Benchmarking shows the State of Delaware (SOD) is picking up 85% to 90% of the costs for active medical plans.

Ms. Warnken shared the current state of the financial and utilization highlights as the State is expected to pay $10.4M excise tax in 2020, assuming 7% medical trend and no changes to current program designs. The State’s hospital and emergency room utilization is higher than national average. Specialty drugs represent a significant driver of overall
State’s active health care program is 1% more efficient than average large employer. Employee cost sharing is significantly less than national average. Benchmarking also shows Delaware services are more expensive than Pennsylvania and Maryland. Active medical/Rx claims per member increased by 5.5% annually over a two year period compared to 6% nationally and Medicare retirees increased by 10% versus 3.3% nationally. The State’s compliance rates with preventative care screenings fall below HEDIS norms (Healthcare Effectiveness Data and Information Set).

It was noted that there has been vigorous debate over the subject of benchmarking and what groups are most appropriate for the GHIP to be benchmarked against. Discussion occurred around a compensation study before making any final decisions on health care issues which would have impact on employees and pensioners.

The summary of findings from the Health Plan Task Force were reviewed and categorized into two areas:

Supply-related health care to focus on smarter production of care (network modifications, on-site clinics)

Demand-related health care to focus on smarter consumption of care (consumer-driven plans, transparency tools).

Influencing levers were reviewed with a few highlights as an introduction to move in this direction in the Supply and Demand areas. An illustrative vision of the future of the GHIP was provided to show what the year 2020 could look like under two different scenarios of change with excise tax exposure and impact to current Delaware Code. Treasurer Simpler asked the SEBC to consider the extent to which the Committee can use the GHIP to negotiate change and manage costs and expressed his interest in wanting to see more emphasis on how healthcare trend is outpacing revenue growth. The Treasurer asked for additional information and education related to how excise tax calculations are computed, evidence that CDH plans cost less, recommendations from WTW related to the appropriate trend periods the SEBC should be taking into consideration and a measure of the volatility of the GHIP population. WTW will follow-up on these items in future SEBC meetings.

The Benefit priority matrix was shown to reframe priorities in order to develop the GHIP’ mission. Director Maxwell added that Equity was missing from this matrix and may be a factor as some employees are grandfathered into the plan and will need to build that in. Members provided positive feedback on the matrix with the general consensus being that it frames what the SEBC needs to do. The health care marketplace framework with key attributes and benefit objectives in four quadrants was presented and lastly, sample mission statements. The SEBC agreed upon the selected statement (as shown circled) with consideration to dependents, the addition of “health” before care and adding “while promoting Consumerism” to this statement.

Public Comments
None

Other Business
Director Maxwell announced and congratulated Andrew Kerber on his 10 years of service with the State of Delaware.

Director Maxwell referred to the Treasurer’s newsletter as it posed a few questions about SEBC and noted open to more meetings as committee deems necessary or anything else. The Treasurer shared his view that the Health Fund Task Force was a primer where SEBC must take action and make decisions.

Motions
Director stated there is no further business and requested a motion to move into Executive Session. Ms. Watson made the motion and Treasurer Simpler seconded the motion. Motion carried and entered into Executive Session at 4:34 pm.

Director Maxwell requested a motion to exit Executive Session and return to public session. Ms. Tucker made the motion and Treasurer seconded the motion. Committee returned to public session.
The Director then requested a motion to adjourn the meeting. Ms. Watson made the motion and Ms. Stewart seconded the motion. Meeting was adjourned at 5:01 pm.

Respectfully submitted,

Lisa Porter
Statewide Benefits Office