

**State Employee Benefits Committee**  
**Friday, January 22 at 2:00 p.m.**  
**Tatnall Building, Room 112**  
**Dover, Delaware**

The State Employee Benefits Committee met on January 22, 2016, at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

**Committee Members:**

Ann Visalli, Director, OMB

Mike Morton, CGO

Evelyn Nestlerode, AOC Designee

Crystal Webb, DHSS Designee

Jennifer Vaughn, DOI Designee

James Harrison, DSEA-R

Angela Hua, SBO

Chris Hudson, Univ of DE

Barbara Jacobs, DSEA-R

Kathy Kunkle, OMB/Pensions

Omar Masood, OST

Jennifer Mossman, Highmark

Mike North, Aetna

Casey Oravez, OMB, Financial Operations

Rich Phillips, DSEA-R

Karol Powers-Case, DRSPA

Rebecca Reichardt, OMB

Jackie Rhoads, Highmark

Dr. Scott Rosenthal, DCSN

James Testerman, DSEA-R

**Guests:**

Brenda Lakeman, Director, SBO

Faith Rentz, Deputy Director, SBO

Lisa Porter, SBO

Lisa Carmean, City of Milford

Patricia Davis, DAG-DOJ

Karin Faulhaber, PHRST

Judy Grant, HMS

Darcell Griffith, Univ of DE

**Introductions/Sign In**

Director Visalli called the meeting to order at 2:00 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 December 11, 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 RFPs and a forecast of bids to come. The Cost Recovery Program Integrity RFP originally released in November which did not yield any responders or bidders was re-released on January 11<sup>th</sup>. Twelve companies submitted an intent to bid with bids due February 3<sup>rd</sup>. The Statewide Benefits Office (SBO) consultant contract expires end of 2016. SBO will be releasing a bid in March to allow for an overlap for several months if there is a change of consultants. The health contract ends June 30, 2017 and SBO will be releasing a bid this summer.

Due to the Tax Extenders bill in December of 2016, pre-tax commuter limits in the vanpool and mass transit plan were increased from \$130 to \$250 per month retroactively to 2015. Refunds and adjusted W-2s are being produced for 122 State participants who had after tax deductions between \$130 and \$250 to adjust their taxes. The 2016 limit will be \$255 for parking as well as for vanpool and mass transit.

Ms. Lakeman also provided an update on ACA reporting originally due to participants by January 31, 2016 and to the IRS by March 31, 2016. Extensions have been allowed for both until March 31 and June 30, 2016 respectively. Pensioners' forms have been sent and Nonpayroll groups will be sent in the next week, however, active employee reporting is delayed due to PeopleSoft system issues. We will continue to report back to the group on updates.

The Committee was also informed that Statewide Benefits is in discussion with Highmark and Aetna regarding the coverage of 3D mammograms, new technology recently mandated for coverage in Pennsylvania. As there is a cost associated with this coverage for preventive and diagnostic with Highmark as well as the fact that Aetna does not cover due to current medical policy considering this technology as experimental and investigational, this coverage will be considered during discussion for FY17.

## **Financials**

### **Fund & Equity – November & December 2015 -** handout

Ms. Oravez presented the November 2015 Fund & Equity report showing the December fund equity balance of \$17.8M that included \$4.1M of revenues received putting the projected FY16 year end balance at \$9.889M. The fund equity for December shows several receivables for the 2014 financial reconciliation, the EGWP rebate, the commercial rebate and \$11.2M for the True up payment contributing to the ending balance for December close to \$39.7M. The projected FY16 year end balance is \$20.9M with a difference of \$24M to restore the claim liability with \$0 minimum reserve.

### **State Employees Health Plan Task Force Follow-up Discussion –** handout

Ms. Lakeman reviewed a similar presentation used at the Public Testimony meetings post release of the Task Force report. This provided background history on the Task Force, the members, outlining the epilogue language, shows the expenses of the health plan from active to retirees, the various plans available and cost share for each plan. Findings and Recommendations from the final report were presented that focused on four separate areas such as bending the cost curve to reduce the long term trend by using a trend for FY17 projections of 8.5% for medical and 15.7% for prescription; exploring opportunities to realign provider payments; benchmarking GHIP plans and costs on a comparable basis; and to improve the health of the population. Long and short term findings and recommendations were reviewed with further discussion to take place around these four areas.

### **FY17 Initial Planning Discussion –** handout

Ms. Rentz presented the objectives and more in depth detail from this presentation which were Safeguard Rx-Express Scripts efforts to control rising costs; medical channel management; advanced utilization management; formulary drugs with over the counter (OTC) equivalents and Medicare Part D & Part B coordination. It was suggested to include the use for each of the over counter equivalents for members' awareness. The next steps include continued discussions on Medical Channel Management and Advanced Utilization Management; approve the exclusion of the OTC equivalents from Commercial (active/non-Medicare retirees) plan effective on or before July 1, 2016 and approve implementation of Medicare Part B Coordination for Medicare Part D EGWP plan effective July 1, 2016.

## **Public Comment**

Dr. Scott Rosenthal, Delaware Chiropractor Services Network (DCSN), thanked the committee for their challenging journey during the last few months as he participated in the Task Force meetings. Dr. Rosenthal stated that DCSN oversees the chiropractic care for all State employees under the Highmark plans and would like to extend interest in further participating in any type of task force activities along with the mentioned deep dive committee.

Ms. Karol Powers-Case, DRSPA added her comments today are based on the Task Force Final Report as she read the whole report. She comments on members becoming more aware of what they are paying as she has received year end reports of what she and her spouse pay for prescriptions which is over \$1000 each. She emphasized her concern about fairness for pensioners who are older and retired a number of years as well as comparing to relatives who are out of state and paying no copays. Ms. Powers-Case also remarked about the notation in the report concerning the Medicare Advantage Plan and that offering one may cost less and cover prescriptions.

Mr. Rich Phillips, DSEA-R asked for the email address to the Task Force Suggestions mailbox.

Mr. James Testerman, DSEA-R stated he is curious to what happened last year with the budget as so much of it was based on employee benefits, specifically medical benefits and wondering if this going to be the case again this year. Director Visalli responded this is our single biggest cost driver.

Director Visalli stated the next SEBC meeting is scheduled for Friday, February 5, 2016. A motion to adjourn the meeting was requested. Controller General Morton made the motion and Ms. Crystal Webb seconded the motion. The meeting was adjourned at 3:10 p.m.

Respectfully submitted,

Lisa Porter  
Executive Secretary  
Statewide Benefits Office