

State Employee Benefits Committee
Friday, April 22, 2016 at 2:00 p.m.
Tatnall Building, Room 112
Dover, Delaware

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

Committee Members:

Ann Visalli, Director, OMB
Geoff Klopp, COAD
Mike Morton, CGO
Evelyn Nestlerode, AOC
Ken Simpler, OST
Henry Smith, DHSS
Jennifer Vaughn, DOI

Kim Hawkins, City of Dover
Angela Hua, Truven Consulting
Chris Hudson, Univ of DE
Andrew Kerber, DOJ
Melissa Marlin, OMB
Ashley Morris, Highmark
Mike North, Aetna
Casey Oravez, OMB, Financial Operations
Rich Phillips, DSEA-R
Lori Peddicord, City of Dover
Karol Powers-Case, DRSPA
Pamela Price, Highmark
Kimberly Reinagel-Nietubicz, CGO
Lori Ann Rhoads, Medical Society of DE
Paula Roy, Roy Associates/DCSN
David Sack, Aflac
Aaron Schrader, SBO
Steven Shelton, Truven Consulting
Jim Testerman, DSEA-R
Anne Marie Ludovici-Connolly, M.S., Segal Group
Stuart Wohl, Segal Group

Guests:

Brian Maxwell, OMB
Brenda Lakeman, Director, SBO
Faith Rentz, Deputy Director, SBO
Lisa Porter, SBO
Lisa Carmean, City of Milford
Elizabeth Clarke, Highmark
David Craik, Pensions
Ben Deeble, DRSPA
Lois Deeble, DSPA
Peggy Eitl, Highmark
Karin Faulhaber, PHRST
Darcell Griffith, Univ of DE

Introductions/Sign In

Director Visalli called the meeting to order at 2:03 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 18, 2016 meeting. Controller General Morton made the motion and Treasurer Simpler seconded the motion. Upon unanimous vote the minutes were approved.

Director's Report – Brenda Lakeman

Two corrections noted from the March 18th meeting with the FY17 Planning document:

- Slide 4 shows \$22.7M for FY2016 Year End Project Claim Liability Funded (as of February) – corrected to \$21.7
- Slide 10 shows Movement of approximately 300 visits would cover reduction in urgent care copay – correct verbiage is freestanding high tech imaging versus urgent care copay
- No change in the March 18th document will be made but noted in these minutes

Open Enrollment (OE) updates include:

- Employee Education Sessions (EES) have begun with two sessions held this week at DelTech Stanton and Owens campuses with three sessions at each site and a total attendance for both of 212; the last EES is scheduled for April 28th at DelTech Terry with 248 people registered to date.

- Open Enrollment (OE) letters will be mailed to active and retirees the week of April 25th, except to the people who opted to receive materials electronically.
- Highmark single sign-on campaign is active through April 30th and some advantages to members are:
 - Members can view all claims, Explanation of Benefits (EOB), claims paid or not paid to date, access wellness health management tools, complete the health risk assessment, utilize the care cost estimator to compare procedures, access online discounts and find network providers;
 - Members enrolled in the Consumer Directed Health Plan (CDH) can follow their HRA fund balance and view what funds have been rolled over.
- Benefit Representative meetings scheduled for April 25th & 26th
- Consumerism is the main topic at both EES & Ben Rep meetings and has been well received.
- Health Fair dates are posted on the Statewide Benefits Office (SBO) website and held the first two weeks of OE.
- All materials, including booklet and plan documents will be on the SBO website no later than May 6th in preparation for OE to start May 9th; OE dates are May 9-26, 2016.

Highmark & Bayhealth Negotiations Update:

- Letters were mailed earlier this week to Highmark members in the Bayhealth service area.
- A total of 90,000 letters were mailed to all of Highmark's members in this service area.
- Information is posted on the SBO website.
- On-going discussions are continuing and SEBC will be kept informed on developments and/or changes.

Financial Reporting

Fund Equity – March 2016 – handout – Casey Oravez

- In March, a \$4.5M prescription drug rebate was received and is shown in the revenues column.
- Noted there were five weeks of Highmark claims expenses.
- Ending March balance of \$37.4M
- Projected fiscal year end fund balance is \$23.4M, leaving the projected deficit in the claim liability at \$21.6M.
- Updates to the report formatting is in progress and will be distributed for feedback before rolling out.

State Employees Health Plan Task Force Updates – handout – Brenda Lakeman

Updates provided on the agenda items shown below with the steps taken to date. Various discussions transpired.

- Consumerism
 - **New Healthcare Consumerism Campaign** launched with the goal to help covered members understand the power of their choices in making health care decisions to control and reduce insurance costs and more importantly improve their health and well-being.
 - **Consumerism Website** launched mid-March and has received quite a few hits on the website - www.ben.omb.delaware.gov/consumerism.
 - **Employee Education Sessions** scheduled for April 19th (Stanton), April 21st (Georgetown) and April 28th (Dover) to educate and inform employees and retirees as to how they can become better health care consumers.
 - **2016 Consumerism Corner Newsletter** to further increase awareness of new webpage and tools available and will be mailing in OE packets the week of April 25th.
 - **Continuing Efforts** to partner with agencies, schools, union groups, retiree groups to deliver the message through seminars/webinars. SBO has started these efforts and is waiting for responses from several groups about on site meetings, etc.
 - Treasurer Simpler asked to what extent are our consumerism efforts modeled after other states, public or private entities versus reinventing the wheel and is there enough band-width to research all of these consumerism efforts around the globe as this is a challenging area.
 - ♦ Ms. Lakeman shared that we are concentrating on measuring the steps taken with this committee in terms of reducing the urgent care copay and reducing the free-standing clinic copay, as Truven has started to look at how this will impact our consumerism. In terms of

what we are doing compared to other states or other entities, we are focusing on what fits for our population as we have a very decentralized population versus being centralized.

- ♦ Ms. Rentz added the consumerism website is connected with websites and tools offered by nationally recognized organizations and government agencies, so as that information updates or changes on those perspective websites, this flows to our consumerism website keeping the information and data current.
- ♦ Director Visalli indicated the one challenge is engagement as we have a large majority of employees pay their monthly premiums that don't change during the plan year, so members are not concerned or focus since they don't have a deductible and are not really engaged from the start.
- Treasurer Simpler commented aware we can't foresee what the General Assembly will do with the Governor's proposal around the HSA, but has there been any discussion of this consumerism model in the context of if it will move forward or do these efforts have sponsors?
 - ♦ Director Visalli responded there are three bills; two bills deal with grandfathering groups from the prior legislative initiative. The HSA bill making it mandatory for new employees and optional for current employees has been drafted but not introduced yet and the process of gathering sponsors for both House and Senate has not occurred. The HSA is a PPO plan with a high deductible and a health savings account that will move people to become better consumers and be more engaged since it is their money to manage.
- Onsite Clinics
 - This concept is to establish health clinics which could be used for a minor illness instead of going to an urgent care and also as a primary care facility with condition and wellness management services.
 - SBO has been obtaining information from one particular vendor regarding operations and business hours (40 hours per week) for three statewide sites to determine the feasibility.
 - Infrastructure is needed (buildings to lease or procure), along with construction costs and one-time implementation fees for start-ups, technology and operational costs (staffing, service, management fees) and looking at the return on investment (ROI).
 - ROI would include reduced health plan costs and also increased productivity and reduction in absenteeism.
 - It may be another six months to a year to determine a strategy on optimal utilization and ROI, design concepts for the employee plans (\$0 copays for onsite clinic use), how to integrate it with health benefits, identify sites for infrastructure, costs and establish budget and funding.
- Referenced Based/Metric Pricing
 - Concept is to determine appropriate price for certain routine inpatient services and establish set payment for such services regardless of where member receives service.
 - Considerations include establish methodology to determine appropriate payment for services and unintended consequences of setting limits on payments for certain services.
 - ELAP presented this concept before the Task Force Committee.
 - SBO will be going out to bid on Health vendor services by the fall of 2016 as the contracts for Highmark and Aetna end June 30, 2017. A lot of these items will be included with the RFP.
 - Treasurer Simpler asked how will the major RFP's fit with the engagement of the Consultant and the study of these ideas; these ideas will inform us and also assist in how the RFP is drafted and with engagement plus what is the timing for completion of the consultant RFP and what is the window for the consultant to help us engage on some of these important issues.
 - ♦ A recommendation for the primary consultant will be brought to the May 13th SEBC meeting.
 - ♦ SBO intends to contract possibly with multiple consultants; having one primary consultant who would conduct the actuarial and financial analysis and reporting. Then utilize other consultants better equipped to handle a Pharmacy RFP or a Health RFP; this expertise will be sought during the interviews from the bidders to help craft this Health Program RFP to allow us to capitalize objectives.

- Treasurer Simpler asked if we anticipate these consultants to begin work immediately on the concrete objectives or what initiatives are prioritized versus some initiatives taking a pilot approach; we need a definitive road map.
 - ◆ Director Visalli shared the challenge faced is that the most competitive bid at the table may not necessarily be the people you want guiding you down the road map developing and putting together all the processes. There's a lot going on in Delaware, with the Center for Health Innovation (DCHI), conversations with the hospitals, the insurance market is different and legislative initiatives which is why we are open to have a consulting firm managing the Health RFP process who can be cognizant of all of these moving parts and build a road map that aligns with these efforts. The selected firm may not have the expertise to be our back office Actuary to sit with us and work with Truven in order to cost out changes to make in the plan; it could be the same, or different or a combination. The Health RFP may need to include creative ways of looking at member engagement. It will be very important to articulate these needs in the drafting of the Health RFP.
 - ◆ Ms. Lakeman envisions one of the first activities for a new consultant to look at is a strategic plan to go down the right path, take in account of all the things done in the past and the changing landscape as the Director mentioned.
- Treasurer Simpler inquired if it would be the general consultants task to figure out what our priorities are since the Health Fund Task Force closed with a lot of ideas and SBO has continued to move forward some of these concepts over the last couple of months, but some of the bigger ideas will require help for us to fully understand and to make the big decisions
 - ◆ Ms. Lakeman stated execution of some of the ideas like onsite clinics has real implications and is critical as we go forward for instance, if hospitals do not want to conform to Metric Based Pricing, it impacts the State employees greatly and consulting support will be necessary to fully evaluation the implications.
- Cost Recovery & Program Integrity Reviews
 - Comprehensive review of medical plan claims with a review period July 1, 2013 through June 30, 2015
 - Kick off calls with CTI held April 8th
 - Onsite reviews the week of June 20th for Highmark and July 18th for Aetna
 - Preliminary Reports due July 13th for Highmark and August 10th for Aetna
 - ◆ Final Reports due August 10th for Highmark and August 31st for Aetna
 - Comprehensive review of prescription plan claims
 - Review period July 1, 2013 through June 30, 2015 for actives and non-Medicare plans
 - Review period July 1, 2014 through December 31, 2015 for Medicare retirees plans
 - Kick off call held April 18th
 - Scheduling onsite reviews followed by the dates for the preliminary and final reports
- Centers of Excellence(COE)/Institutes of Quality
 - Purpose is to look at facilities who are given this distinction based on credentialing process and demonstrated better patient outcomes, quality and reduced re-admission rate when performing specific procedures
 - Adopted in the State Group Health Plans in FY2011 for Bariatric surgery with 25% coinsurance if services are obtained at a non-Center of Distinction
 - Highmark and Aetna has two (Christiana & St. Francis) Centers of Excellence in Delaware; others nearby
 - Highmark had 343 procedures completed in CY2013-CY2015 with \$245K utilization savings
 - Savings based on the 25% coinsurance which is money the Plan did not have to pay out
 - Aetna had 17 procedures in same period with \$23K utilization savings
 - The \$23K savings is calculated differently and not based on the 25% coinsurance; it is based on the lower allowable paid to the Institutes of Quality; people that went to the Institutes of Quality saved the plan money.

- Treasurer Simpler asked if we moved the needle behaviorally as another way to measure savings; do we have the data to show what percentage of people in FY11 receiving these services, where they went for their Bariatric surgery?
 - ◆ Clearly there are people still using the non- Centers of Excellence. If we migrate more people to COE, we will save money and how do we measure that.
- Other programs for consideration for COE are Knee/Hip surgeries
 - For Highmark and Aetna, there are no COE in Delaware and will need to look at this to determine whether to incentivize people by maybe reducing the copay to go to these facilities or by applying the 25% coinsurance if they do not go to a COE facilities.
 - A list of nearby out of state facilities engaged in Centers of Excellence (COE) was provided.
 - More detailed dialog is needed on how likely it will be that Delaware hospitals will get certified and for what procedures; where people would go if pricing is tiered and what is keeping our facilities from achieving certification.
- Spine and Cardiac programs for consideration
 - Highmark has one center in Delaware for Spine; Aetna does not; facilities in surrounding states.
 - Highmark has three centers for Cardiac; Aetna does not; facilities in surrounding states.
 - ◆ Important to know why Highmark has more COE facilities available than Aetna.
 - ◆ May be related to volume and Highmark has the largest volume in the state; may need a higher volume to validate quality for COE.
- Rare & Complex Cancers and Transplants are other programs for consideration
 - Similar message for these; no COE facilities for Highmark or Aetna; facilities in surrounding states.

Spousal Coordination of Benefits Policy Changes – handout – Faith Rentz

Changes were reviewed for this policy which are minor and to only clarify the “Practice” of this policy as the current policy has a few areas where it is not specifically stated.

- Removing limited liability on pages 2 and 3.
- Changes on page 4 are to clarify statements.
- Page 5 shows new content in red and also in blue when spouse is a Participating Group Employee, the employee must enroll in medical coverage through their employer.
- The changes under NOTE reminds members that eligible dependents may not be enrolled in more than one State Group Health Insurance plan
 - Treasurer asked what is the reason to not force married State plan members to one plan
 - ◆ Example: Teachers get a flex account that is paying for premium as an incentive to be on that plan; with the birthday rule, the spouse whose birthday comes first is the primary so the dependents would go on the primary.
 - ◆ Double State Share that exists encouraged everyone to go on one plan as a savings to the State and employees but has long since not mathematically worked. A grandfathered group of employees still receive this benefit.
 - ◆ Birthday rule is to make sure that not all migrate to the schools with the flex credit or migrate to OMB and works out spreading it across the state
- A vote on these changes to be taken after Public Comment.

DelaWELL Health Management Planning – handout – Brenda Lakeman

- Provided a recap of past participation and lessons learned of the DelaWELL program.
 - From FY08 through FY15, there have had varying degrees of incentives and some years with no incentive. Participation without the incentive was very minimal at 3% in FY10.
 - Past successes have seen improvements in participant’s lifestyle and medical risk factors with 18% higher clinical adherence by participants actively engaged with a nurse care manager; 13.2% improvement in hospital utilization and savings of over \$16 million through the disease management program as measured by reductions in hospital admissions.

- Low participation and engagement are the issue even with cash incentive, successes seen are good but only a small subset of the population participate.
- March 2014 survey conducted with 9,480 employees completing the survey or 27% response rate.
- 51% had used or engaged in the DelaWELL program.
- 40% aware of DelaWELL but have not participated in the program due to time concerns, prefer to work with health care provider, confidentiality concerns and program is too confusing.
- FY16 current participation rate is 17% with no financial incentive with 3% engaged in the health coaching / disease or case management
- At the May 13th meeting, Highmark will recap wellness and disease management services offered and Truven will present a look at disease prevalence and how health management can play a role in slowing progression and improving population health.
- At the June 10th meeting, a review of the State's initiatives with actionable items will be presented.

Wellness Strategies in a State Environment – handout - Ann Marie Ludovici-Connolly, M.S. of Segal Consulting
Presented information regarding the value of wellness programs, return on investment and why we should have a program.

- Engagement and investing in good health behavior changes are less expensive.
- National health facts and statistics were reviewed.
- Moving toward lifestyle behavior changes with key health behaviors that can be changed were shared such as poor diet, physical activity, smoking, excess alcohol, insufficient of sleep.
- Global health economy growing faster than gross domestic product; research demonstrates that healthier people cost less.
- Best practices framework: Maintain, Improve, Manage health (data driven, demographics)
- Design a Winning Health Promotion Strategy to drive Engagement
 - I - Infrastructure: have senior level support, wellness committee, policy/environment changes
 - D - Data Collection: collect data
 - E - Evaluation-Strategy: data collected, evaluate data, data will drive a targeted tailored strategy
 - A - Awareness, Education, Intervention (A.E.I.) Programming: Steps for all stages of change
 - Awareness: questionnaires, biometric screenings, health assessments
 - Education: One day seminar on Stop Smoking
 - Intervention: 3 to 6 week Stop Smoking cessation classes
 - S - Success Evaluation, Continuously Evaluating Program and Building Momentum
- 5 Tenets of Engagement include: Communication, Programs, Culture, Innovations, Incentives
 - Incentives have been linked to improved engagement that results in savings.
- Design Features that Support a Strategy and Drive Results which could include meaningful and recurring incentives, disincentives with monthly premiums, plan design (deductibles and copays).

State Wellness Programs - Stuart Wohl, Segal Consulting

Shared what thirteen different states are doing in the area of the wellness promotion, including incentives and disincentives with high-lights to:

- Alabama achieved a 95% participation in the 1st year with significant premium discounts for completing wellness screenings, health questionnaires and enrolling in disease management and complex care managements;
- Connecticut had 97% participation using a combination of plan design incentives (waiving or lowering certain copays), plan design disincentives (increase in deductible) and premium surcharges;
- Other states were reviewed in their participation as well as states that had low participation and rewards programs.

Public Comment

Ms. Karol Powers-Case questioned if people are aware that different hospitals charge different prices.

- ♦ Response was the only time people in our plan are paying a different price is for bariatric surgery with a 25% difference that was implemented in 2011

Mr. Ben Deeple asked about the locations of the on-site facilities for blood work, EKG, medical imaging, x-ray, etc. and also shared that Wilmington Hospital designates two floors to Knee/Hip services and another floor for shoulder and has had positive personal experience there and surprised it is not part of the group included with the COE.

Motions

Director Visalli asked for a motion to approve the policy changes for the Spousal Coordination of Benefits. Controller General Morton made the motion and Deputy Secretary Smith seconded. Upon unanimous voice approval, the motion carried.

Other Business

Director Visalli stated the next SEBC meeting is scheduled for Friday, May 13, 2016.

A motion to adjourn the meeting was made. Controller General Morton made the motion and Deputy Secretary Smith seconded. Upon unanimous voice approval, the meeting was adjourned at 3:48 p.m.

Respectfully submitted,

Lisa Porter
Executive Secretary
Statewide Benefits Office