

**State Employee Benefits Committee
Tatnall Building, Room 112
Dover, Delaware 19904**

The State Employee Benefits Committee met on July 25, 2016 with the following Committee members and guests:

Committee Members:

Brian Maxwell, Director, Office of Management and Budget
Rita Landgraf, Secretary of Health and Social Services
Mike Morton, Controller General
Evelyn Nestlerode, Designee of Chief Justice, Administrator of Courts
Ken Simpler, Treasurer
Jennifer Vaughn, Designee of Insurance Commissioner
Valerie Watson, Designee of Secretary of Finance

Guests:

Brenda Lakeman, Director, SBO
Faith Rentz, Deputy Director, SBO
Lisa Porter, SBO
Ted Blunt, Retiree
Jennifer Bredemeier, Univ of DE
David Craik, Pensions
Wayne Emsley, DRSPA
Jacqueline Faulcon, DRSPA
Karin Faulhaber, PHRST
Judy Grant, HMS
Darcell Griffith, Univ of DE

Guests (continued):

Kim Hawkins, City of Dover
Leighann Hinkle, SBO
Andrew Kerber, DOJ
Russell Larson, Byrd Group
Melissa Marlin, OMB
Omar Masood, OST
Casey Oravez, OMB, Financial Ops
Kimberly Reinagel-Nietubicz, CGO
Paula Roy, Roy Assoc/DCSN
Wayne Smith, DHA
Drew Wilson, MSD

Katherine Impellizzeri, Aetna
Andrew Brancati, Highmark
Stuart Wohl, Segal Consulting
Angela Hua, Truven Consulting
Walt Mateja, Truven Consulting
Steve Shelton, Truven Consulting
James DiGuiseppe, Willis Towers Watson
Kevin Fyock, Willis Towers Watson
Jaclyn Iglesias, Willis Towers Watson

Introductions/Sign In

Director Maxwell called the meeting to order at 2:00 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 June 10th and July 11th SEBC meetings however more time to review and circulate back for this motion was requested and the Director agreed.

Director's Report

Ms. Lakeman provided the 2016 Open Enrollment membership changes effective July 2016 with new subscribers for each plan vendor: Aetna 126, Aflac 187, Delta 1,404, Dominion -127 (reduction), EyeMed 783, and Highmark had 49.

ACA updates include:

- Updated the ACA FAQ's to include the 2016 penalty amounts, information on casual/seasonal employees enrolled in Medicare and penalty implications and information on CMS Marketplace Notice.
- The 1095 Form IRS reporting for PHRST was successfully uploaded June 30, 2016. Error report contains 1,720 errors; staff to work with organizations in weeks ahead to identify and fix errors.
- State has received 46 Marketplace Notices to date and is appealing 4 as two employees are no longer active and two were offered affordable coverage and not entitled to tax subsidy.
- PCORI Fee due by July 31st in the amount of \$251,910.36 (\$2.08 per covered participant) has been paid. This will increase to \$2.17 per covered participant for 2017.

RFP updates include:

- Cost Recovery & Program Integrity – SEBC awarded to CTI/Tricast on 3/18/16; site visits completed and draft reports in progress or completed to ESI (9/16), Aetna (8/10), and Highmark (7/13)

- Health RFP is on schedule for advertisement 8/15/16
- Onsite Clinic RFI with SBO to solicit development proposals from consultants by 8/15; RFI development to begin on 10/1 and anticipate advertisement by 12/1
- Disability/Worker's Compensation RFP is pending outcome of 7/18 meeting

DCHI Community Forums have scheduled five dates 7/11, 8/1, 8/23, 9/12 and 10/12 – more info in flyer provided.

Highmark changes Explanation of Benefits (EOB) effective 7/15 where members will no longer automatically receive paper EOBs if claims for services are covered in full. This change is in response to member feedback. Paper EOBs will be received for all other claims for services unless member selects electronic notifications.

Aetna/Humana Merger press release included in packets about this merger and how DOJ intends to block the merger but Aetna believes to be in the best interests of consumers, seniors and plans to defend their position.

Express Scripts (ESI) announced effective 7/29/2016 that 12 pharmacies will be terminated from their retail network which will impact 104 SOD members who were notified by letter the week of July 18th.

Dominion Dental changed their name effective 7/20/2016 to Dominion National with a new logo, look and website.

Online Consumerism Course – Being a Wise Health Care Consumer

- Target audience of benefit-eligible members and the course highlights several resources to non-benefit eligible members
- Purpose of the course is to encourage members to know their insurance plans, compare costs, get appropriate level of care, manage chronic diseases, engage in wellness and prevention and to assess impact of efforts by looking at changes in participation and utilization levels.
- Course description includes being guided through five interactive modules with an activity review for each and short survey to get credit for this course which takes one hour to complete.
- Testing and feedback requested from SBO to HR Roundtable, School Business Managers, SEBC, Union Leadership to complete feedback by 7/27 and anticipate Statewide launch 8/25.

The Statewide Benefits Office anticipates moving the last week of November 2016 from Duncan Building, Loockerman Street to 97 Commerce Way, Enterprise Park.

Financials – handouts – Casey Oravez

June 2016 Fund & Equity Report

The fund equity balance is \$38.9M includes the \$8.8M Prescription True up contract payment. The year ending balance was higher than projected due to \$20M in Prescription True-Up payments and \$19M savings due to improved claims experience.

Update on Revised Fund & Equity and Financial Reporting

The Annual Budget template was reviewed showing projected recovery in the Claim Liability and Minimum Reserve as of the end of FY2017. A glossary of terms will be provided. The new template for the Estimated Budget by Month is based on additional revenues expected, timing of claim payments and assumes the trend used to set the FY2017 budget. The Monthly Statement of Operations showing monthly actual versus monthly budget was presented. Ms. Rentz stated that Willis Towers Watson (WTW) is working on revisions to the quarterly financial reporting and recommendations on key metrics that will be introduced at the August meeting.

2017 Medicare Part D Prescription Drug Plan Highlights and Changes – handout – Faith Rentz

This is for enrollment effective January 1, 2017. The co-pays remain the same, SOD retirees only pay copay in all four coverage stages. EGWP Reinsurance payment changes for CY2017 were reviewed and will be paid monthly to the plan. CMS is moving some high priced generics from Tier 1 to the Non-Preferred Tier 3; however, SOD will keep all generic medications at the Tier 1 copay regardless of Tier. The 2017 Formulary changes will be available late August. Special Medicfill Rates effective January 1, 2017 for Pensioners who retired after July 1, 2012 have an increase of \$0.92 to \$1.64

per month. CMS releases changes mid to late May each year so cannot contemplate changes as SEBC made decisions for FY2017 back in March 2016.

Group Health Program Strategic Planning Discussion – handout – Willis Tower Watson (WTW)

Kevin Fyock distributed a glossary of health terms to the committee. WTW will partner with SEBC and SBO to develop a 3-5 year strategic framework for the GHIP. A roadmap for this development was presented with WTW's proposed approach:

- Desired end state – includes Mission, Goals, Strategies and Tactics (action items) to be revisited on an ongoing basis to ensure continued applicability based on GHIP objectives and experience.
- Perspective for setting strategic framework – Employer objectives includes comprehensive offerings, transparency and focus on members. External influences such as PPACA compliance, legislation, competition and delivery alternatives compete with employer objectives and ability for GHIP to be sustainable and affordable. Components that drive plan performance were introduced.
- Primary inputs for strategic development – includes Stakeholder discussions, fact-finding and market perspectives.
- The Benefit objective setting – priority matrix (slide 5) was reviewed with the program elements to rate
 - Dialogue occurred if WTW is trying to get from this matrix to the Desired end state (slide 2)
 - Need more understanding of categories
 - Suggested to create a dialogue around slide 5-Priority Matrix versus handing out individually
 - How can these choices be flushed out or consolidated
 - What are WTW suggestions on prioritizing these elements
- Project timeline (ensure framework is completed in advance of RFP award) reviewed by Jaclyn Iglesias, WTW.

WTW will consolidate the high level topics on the matrix and present at the 8/22 SEBC meeting.

Group Health Insurance RFP Update

Draft 3 was submitted to OMB on 7/20/2016.

Public Comments

None

Other Business

Director Maxwell stated the next SEBC meeting is scheduled for Monday, August 22, 2016.

Motions

Director Maxwell requested a motion to approve the minutes from the June 10, 2016 SEBC meeting. Controller General Morton made the motion. Comment noted to edit one section in these minutes. Controller General Morton retracted his motion. With the edit noted, the Director requested a motion to approve the June 10th minutes. Controller General Morton made the motion and Secretary Landgraf seconded the motion. With unanimous voice vote, motion carried.

Director Maxwell requested a motion to approve the minutes from the July 11, 2016 SEBC meeting. Controller General Morton made the motion and Treasurer Simpler seconded the motion. With unanimous voice vote, motion carried.

Secretary Landgraf announced the Governor signed the bill for the Delaware Health Care Claims Database.

Director Maxwell requested a motion to adjourn the meeting. Secretary Landgraf made the motion and Controller General Morton seconded the motion. The meeting was adjourned at 3:36 p.m.

Respectfully submitted,

Lisa Porter
Statewide Benefits Office