

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

The State Employee Benefits Committee met on October 24, 2016 with the following Committee members and guests:

Committee Members:

Geoff Klopp, COAD
Mike Morton, Controller General
Evelyn Nestlerode, Designee of Chief Justice, Administrator of Courts
Ken Simpler, Treasurer
Valerie Watson, Designee of Secretary of Finance
Karen Weldin Stewart, Insurance Commissioner
Dr. Karryl Rattay, Designee of DHSS

Guests:

Brenda Lakeman, Director, SBO
Faith Rentz, Deputy Director, SBO
Lisa Porter, SBO
Jacqueline Faulcon, DRSPA
Karin Faulhaber, PHRST
Judy Grant, HMS
Darcell Griffith, Univ of DE
Walter Gilefski, Citizen
James Harrison, DSEA-R
Kim Hawkins, City of Dover
Chris Hudson, Univ of DE

Guests (continued):

Andrew Kerber, DOJ
Melissa Marlin, OMB
Omar Masood, OST
Casey Oravez, OMB, Financial Ops
Jim Testerman, DESA-R

Mike North, Aetna
Pam Price, Aetna
Sheri Sack, Aflac
Carrie Schiavo, Delta Dental
Wendy Beck, Highmark
Mark Jacobson, Highmark
Jennifer Mossman, Highmark
Stuart Wohl, Segal Consulting
Walt Mateja, Truven Consulting
James DiGuseppe, Willis Towers Watson
Jaclyn Iglesias, Willis Towers Watson
Rebecca Warnken, Willis Towers Watson

Introductions/Sign In

Ms. Lakeman 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

Ms. Lakeman requested a motion to approve the minutes from the September 26th SEBC meeting. Controller General Morton made the motion and Ms. Watson seconded the motion. With unanimous voice vote, motion carried.

Director's Report – Brenda Lakeman

Medicare Open Enrollment: Ended October 21st and was uneventful.

Flexible Spending Account (FSA) Open Enrollment: Begins November 1st and runs through November 18th for health care and dependent care flexible spending accounts. Postcards were sent out last week, to be followed by e-newsletters and additional communications.

Consumerism Course Updates: Course participation is making good progress. Participation shows 4,700 people or 26% completed the course. Schools appear lower around 700. There is a separate website for the Participating Groups which show 159 completed the course. Overall the survey feedback is very good with 90% agreeing with learning objectives. A suggestion was made to send out an email from the SEBC. Email content will be sent to committee members for review prior to sending out next week. Course completion targeted for end of December.

Financials

September 2016 Fund & Equity Report - handout – Casey Oravez

One item to note in the Other Revenue section is the receipt of prescription rebate for April through June 30. The balance is \$39.8M, about 9% over budgeted amount. Current balance in the claim liability is \$39.8M out of the \$48M, and still \$0 on the \$79M in the reserve.

Quarterly reporting will be presented for quarter one and projection for the full year in January. We tend to see claims increase over the course of the year as members hit deductibles and as the general health care trend increases. It is noted that the GHIP fully funds the HRA in the beginning of the fiscal year so that is an offset with small numbers.

Group Health Insurance RFP Timeline Review – handout – Brenda Lakeman

Updates on the timeline were presented with the finalist interviews scheduled for October 31st and November 1st, the scoring conducted on November 4th and anticipate bringing the initial recommendation and discussion to SEBC on November 14th, followed by voting at the December 5th SEBC meeting.

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

Rebecca Warnken revisited the plan for strategic development to recap progress. WTW has some additional information on the State's strategic position in response to the Treasurer's request at the last meeting for more of a score card to understand the tactics the State has taken to date in comparison to the market data presented and have mapped out a three year plan to present for feedback.

A few data points were added of historical trend data per the Treasurer's request for the State's plan. Trends have been fairly stable over the last ten plus years across the national average, however the State's specific trend shows quite a bit of volatility necessitating a disciplined process for cost tracking, budget forecasting, and minimum reserve setting. Noted need to track several core assumptions based on most recent quarter of data.

The 2015 Best Practices in Health Care survey results were presented and provides a score card for various categories where the State does / does not participate along with the Public Sector and Education, National Norm and Best Performers. Results show SBO has been quite aggressive in their strategy as shown under Pharmacy. The two most targeted for the TPA's is Health Care Delivery and Vendor Partner Strategy.

Jaclyn Iglesias presented the original mission statement along with updates from the committee and the Chief Justice. Dialogue among the committee occurred around whether to include a value statement, identify or benchmark key phrases in the mission statement: high quality, affordable costs and reasonable access. Another approach would be to have a mission statement and the values be separate which could be done as a separate exercise. The GHIP goals follow these definitions and this is how GHIP gets to that desirable end state. WTW shows the proposed GHIP strategies on slide 13 which connects to the three goals. It was suggested to tie each of the goals back to each strategy.

Mr. Klopp made a motion to accept the core mission statement with the Chief Justice's edits along with the with the word "adequate" placed in front of the word "access." Ms. Watson modified the motion to include the recommendation of changing the word "smarter" to "engaged" as suggested by Dr. Rattay. All were in agreement to these two changes and it is noted this vote will occur after Public Comments.

Ms. Iglesias presented the multi-year framework for the next three years that includes opportunities to evaluate other incentives or challenges through the process. This provides a reasonable plan for a series of tactics for SEBC and SBO to support the goals and strategies in the next few years. This will evolve as the market changes, or as vendors bring other initiatives or as approached by outside vendors with other initiatives.

It was asked how the data around the 2015 Best Practices in Health Care survey is included in the recommendations WTW has offered and if this can be shown.

Clarification of the mission statement as modified in this meeting reads:

Offer State of Delaware employees, retirees and their dependents adequate access to high quality healthcare that produces good outcomes at an affordable cost, promotes healthy lifestyles, and helps them be engaged consumers.

Continued discussion occurred around this statement and the understanding of the key components. It was suggested to vote on the mission statement as modified as well as the goals and then further define the core concepts at a later date.

Public Comments

Mr. Walt Gilefski shared he prefers the original mission statement. Reasons being as a consumer, we all want high quality outcomes. It's the healthcare that produces high quality outcomes. The last phrase, "while promoting individual accountability" does already promote healthy lifestyles and to be smart consumers.

Other Business

None

Motions

The motion on the table for the mission statement as clarified above. Mr. Klopp had made the motion. Dr. Rattay seconded the motion with five members in favor, two members opposed and one member abstained.

The Treasurer made a motion to approve the GHIP goals with it noted for WTW to elaborate more on the goal to reduce the gross GHIP medical and prescription drug trend by 2% by end of FY2020. Mr. Klopp seconded the motion. With unanimous voice vote, the motion carried.

Ms. Lakeman requested a motion to adjourn the meeting. Controller General Morton made the motion and Dr. Rattay seconded the motion. Meeting was adjourned at 3:16 pm.

Respectfully submitted,

Lisa Porter
Statewide Benefits Office