Good Afternoon,

As you know, I've spoken to this committee before. First, I want to thank your chairperson, Mr. Jackson for clearly explaining and publicizing the committee's schedule and voting plans. That has clarified some of the former ambiguities in the public agenda and it is much appreciated.

DRSPA has been observing the SEBC meetings for a few years now, and we recognize that being on this committee is no easy task. The issues are complicated and often you have to make guesses about the future based on very limited data. While we sometimes disagree with your decisions, be assured that we appreciate the effort and commitment that you bring to this task.

Having said these nice things, I want to ask you to do something that may be quite difficult. Public school retirees are asking you to refrain from approving any proposals that would increase the cost of health care for FY 2018. We know that leaving health care costs as they are today won't be easy. We know the Governor wants to reduce the state's cost as part of his effort to balance the budget. We also know that a majority of this committee are his appointees. I'm hoping to convince you that balancing the budget in this way is wrong for this committee, and yes, even wrong for the Governor. Here are our reasons:

1. I've read Title 29, chapter 52, the Delaware code that describes and defines your duty and role. If you haven't read it, I encourage you to do so before you vote. According to the code, your job is to manage the health care program, not balance the budget. That task belongs to the legislature and Governor.

2. If you approve recommendations that help the State's budget this year, what's to stop the Governor from asking for a ten-fold increase next year?

3. We believe that increasing copays and deductibles to balance the budget is inconsistent with the purpose and spirit of chapter 52. This chapter was amended by the legislature in 2012 and clearly set the ratio between the cost to the state for each health care plan and the cost to employees and retirees. Increasing copays and deductibles evades the law, but will distort the balance of state versus employee/retiree cost. If you do this in future years to balance the budget, the distortion will become worse.

4. Again, referring to Title 29, Section 5210 (6) gives the SEBC sole authority transfer "excess funds", not back to the general fund, but instead to the OPEB Fund established "to provide a source of future payment of retiree health benefits or the Disability Insurance Program." If you increase co-pays and deductibles, you have an obligation to keep those dollars in the health fund, not transfer them to the general fund.

5. While some of the recommended increases to employees and retirees require legislative action, you have sole authority to increase and institute copays and deductibles. I'd like you to think carefully about what that means. These kinds of increases will have little effect on
folks who are in good health. So if you approve these increases you will make employees and retirees who are sick or injured balance the budget. Remember the second rule of pensionomics - "Health care costs increase with age." Is it morally right for older retirees, who receive the lowest pensions, to pay the most to balance the budget?

6. There is already an inequity in the healthcare premiums between employees and pre-65 retirees as compared to post-65 Medicare retirees. We pay at least $1,302 per year while younger individuals average less than half - $612. The recommendation to add $276 per year for pre-2012 retirees would increase the inequity for 19,500 retirees.

7. Rule 1 of pensionomics states that, "The value of pensions decreases over time." In spite of that reality, retired school employees are willing to see their taxes and fees increased in order to help close the budget gap. We recognize that the state provides a wide range of valuable services and we're willing to pay our fair share. But increasing our health care costs at the same time places an inequitable double burden on retirees. That's not fair.

For these seven reasons, we're asking you to leave our health care costs alone. The third rule states that "Our major economic decisions are made by others." In a few weeks you will be those "others." Your committee is the wrong place to balance the budget, and this is the wrong time to place a double burden on retired school employees.

Thank you again.
§ 5201 Definitions.
   (a) An "eligible child dependent" is one who is:
   
   (1) The child of a regular officer, employee or eligible pensioner or spouse of a regular officer, employee or eligible pensioner, either by birth or adoption, who is under the age of 26 or is unmarried, regardless of age, and incapable of self support because of an intellectual, mental or physical disability which existed before age 21; or
   
   (2) An unmarried child under the age of 19 years or the age of 24 if a full time student who depends for support upon and resides with a regular officer, employee or eligible pensioner in a regular parent-child relationship and qualifies as a dependent of the regular officer, employee or eligible pensioner under Internal Revenue Code § 105 [26 U.S.C. § 105].
   
   (b) An "eligible pensioner" is one who is receiving or is eligible to receive retirement benefits in accordance with the state employees’ pension plan under Chapters 53 and 55 of this title, the State Police pension plan under subchapter II and subchapter III of Chapter 83 of Title 11, the pension plan for state judiciary under Chapter 56 of this title or one who is receiving retirement or disability benefits under the teachers’ retirement and disability plan (Chapter 39 of Title 14). This subsection shall not apply to members of boards or commissions. An "eligible pensioner" shall include those individuals who were employed by the county prothonotary offices immediately prior to October 1, 1987, and who chose to remain in their respective county pension plans and who would otherwise be eligible to receive retirement benefits in accordance with the state employees’ pension plan under Chapters 53 and 55 of this title. An "eligible pensioner" shall include those employees who are receiving disability benefits pursuant to § 5253(c) of this title.
   
   (c) A "regular officer or employee" shall be one who has been continuously employed by this State in each calendar month during 3-month period immediately preceding the first day of any given month (exclusive of legal holidays and allowable leave) and who works the regularly scheduled full-time hours of the employing agency, or at least 30 or more hours per week or 130 hours per month (with allowable interruptions) in a position of a continuing nature on a regular schedule expected to last at least 1 year from the date of initial appointment. The appointing authority shall determine at the time of appointment the qualifications of an appointee regarding the continuing nature and appointment duration criteria of this subsection. An employee appointed to temporary or seasonal positions and members of boards and commissions who were not receiving coverage under the State group health insurance contract on January 1, 1993, shall not be considered a "regular officer or employee" for the purposes of this chapter. A "regular officer or employee" called to active duty with Guard or Reserve for other than training purposes shall continue to receive state contributions toward health insurance coverage for a period of up to 2 years. A "regular officer or employee" shall also include an employee who is receiving disability benefits pursuant to § 5253(b) of this title.

§ 5202 Payment of premium or subscription charge.

(a) The State shall pay premium or subscription charges for a regular officer or employee and eligible spouse and child dependents not eligible for federal Medicare as follows:

(1) Ninety-six percent of the total cost of the basic individual, individual and spouse, individual and child, or family health care insurance plan as set forth in § 5203 of this title;

(2) Ninety-five percent of the total cost of a consumer-directed health plan for individual, individual and spouse, individual and child, or family;

(3) Ninety-three and one-half percent of the total cost of an HMO plan for individual, individual and spouse, individual and child, or family;

(4) Eighty-six and three-quarter percent of the total cost of a comprehensive PPO plan for individual, individual and spouse, individual and child, or family; or

(5) Beginning January 1, 2006, employees identified under Title 14 who are receiving a short-term disability benefit for a period greater than 90 days pursuant to § 5253(b) of this title and have exhausted all of their paid leave, an amount equivalent to that provided under paragraph (a)(1), (2), (3) or (4) of this section.

(b)(1) For eligible pensioners not eligible for federal Medicare and their eligible dependents who were first employed by the State on or before June 30, 1991, or who are receiving a disability pension or primary survivors receiving a survivor's pension under § 8372(a) of Title 11, due to death in the line of duty of the employee, the State shall pay premium or subscription charges for the following, whichever is applicable:

a. Ninety-six percent of the total cost of the basic individual, individual and spouse, individual and child, or family health care insurance plan as set forth in § 5203 of this title;

b. Ninety-five percent of the total cost of a consumer-directed health plan for individual, individual and spouse, individual and child, or family;

c. Ninety-three and one-half percent of the total cost of an HMO plan for individual, individual and spouse, individual and child, or family;

d. Eighty-six and three-quarter percent of the total cost of a comprehensive PPO plan for individual, individual and spouse, individual and child, or family.

(2) For eligible pensioners who are eligible for federal Medicare and their eligible dependents:

a. Who retire before July 1, 2012, or who are receiving a disability pension or primary survivors receiving a survivor's pension under § 8372(a) of Title 11, due to death in the line of duty of the employee, the State shall pay 100% of the premium or subscription charges for the coverage provided, unless they are subject to the schedule based on years of service, as set forth in paragraph (b)(3) of this section.

b. Who retire after July 1, 2012, the State shall pay 95% of the premium or subscription charges for the coverage provided, unless they are subject to the schedules based on years of service, as set forth in paragraph (b)(3) or (b)(4) of this section.

(3) For eligible pensioners who were first employed by the State on or after July 1, 1991, and before January 1, 2007, except those receiving a disability pension or primary
survivors receiving a survivor’s pension under § 8372(a) of Title 11, due to death in the line of duty of the employee, the State shall pay premium and subscription charges as follows:

a. For eligible pensioners employed by the State for at least 10 but less than 15 years at the time of retirement, 50 percent of premium or subscription charges as set forth in paragraphs (b)(1) and (b)(2) of this section; or

b. For eligible pensioners employed by the State for at least 15 but less than 20 years at the time of retirement, 75 percent of the premium or subscription charges as set forth in paragraphs (b)(1) and (b)(2) of this section; or

c. For eligible pensioners employed by the State for 20 or more years at the time of retirement, 100 percent of the premium or subscription charges as set forth in paragraphs (b)(1) and (b)(2) of this section.

(4) For eligible pensioners who were first employed by the State on or after January 1, 2007, the State shall pay premium and subscription charges as follows:

a. For eligible pensioners employed by the State for at least 15 but less than 17.5 years at the time of retirement, 50 percent of premium or subscription charges paid for by the State as set forth in paragraphs (b)(1) and (b)(3) of this section;

b. For eligible pensioners employed by the State for at least 17.5 but less than 20 years at the time of retirement, 75 percent of the premium or subscription charges as set forth in paragraphs (b)(1) and (b)(3) of this section; or

c. For eligible pensioners employed by the State for 20 or more years at the time of retirement, 100 percent of the premium or subscription charges as set forth in paragraphs (b)(1) and (b)(3) of this section.

(c) If the employee or pensioner is covered in any way by a group insurance program issued by the same insurer, duplicate coverage shall not be procured by the State; however, it shall be at the employee's or pensioner's option as to whether to be covered by the state group insurance plan or by a program of the spouse. If covered by a program of the spouse, the employee or pensioner shall obtain no monetary credit or rebate from the State.

(d) For the purposes of this chapter, eligible employees who were each first employed as a regular officer or employee by the State on or before December 31, 2011, a husband and wife legally married on or before December 31, 2011, may each qualify as a regular officer, employee or eligible pensioner of the State. In the case where 2 members of a family qualify, the following options are set forth:

(1) The 2 employees, or each eligible pensioner, and all eligible dependents may elect to enroll under 1 family contract.

(2) Each employee, or each eligible pensioner, may elect to enroll under a separate contract. Eligible dependents may be enrolled under either contract, but no dependent shall be enrolled more than once under the state health insurance program.

(3) The provisions of this paragraph shall continue to apply to a surviving spouse after the death of 1 of the spouses covered pursuant to this paragraph has occurred, as long as the surviving spouse is entitled to a survivor's pension pursuant to § 5528 of this title.

(4) Effective July 1, 2012, if the 2 employees enroll under an employee and spouse or family contract, there shall be a $25 per month charge to the employee who enrolls for the coverage. If the employees choose to enroll in separate plans, employee only and employee and children contracts, either the employee cost share premium or a $25 per month charge shall apply to both contracts, whichever is less. If employee and spouse are
eligible pensioners where 1 or both retire on or after July 1, 2012, only one $25 per month charge shall apply when separate contracts are required for a Medicare Supplement plan.

(5) In no case shall there be a monetary credit or return to the spouse for that spouse’s basic credits.

(e) If a regular officer or employee is required to pay any portion of the cost of the health care insurance for himself/herself, his/her spouse or his/her dependents, the regular officer or employee may enter into a written agreement with the State whereby he/she agrees to reduce his/her salary in an amount equal to the portion of the health care insurance that the regular officer or employee is required to pay.

(f) Subsection (e) of this section shall not be effective until implementation has been approved by the State Treasurer, Secretary of Finance, Director of the Office of Management and Budget and Controller General.

(g) Salary reductions voluntarily taken pursuant to subsection (e) of this section shall not affect the compensation used in the calculation of pension benefits under any state pension plan and shall be made on a pretax basis, provided that employees who had designated employee deductions on a posttax basis as of July 1, 2000, shall continue to have the right to make those deductions on a posttax basis as long as the employee remains in a benefit program or the employee makes a change to pretax employee benefit deductions.

(h) A survivor who is receiving a deceased pensioner’s retirement benefits in accordance with the State Employees’ Pension Plan under Chapters 53 and 55 of this title, the State Police Pension Plan under subchapter II and subchapter III of Chapter 83 of Title 11, the Pension Plan for State Judiciary under Chapter 56 of this title shall only be entitled to coverage for the survivor and any "eligible child dependent" as defined in § 5201(a) of this title.


§ 5203 Specifications of the coverage.

(a) The basic health care insurance plan for state employees shall be equivalent to the "minimum creditable coverage" as defined by applicable federal law.

(b) The plan shall be for regular employees and eligible pensioners under 65 years of age and for employees and eligible pensioners over 65 years of age who are not entitled to services, rights or benefits under the federal Medicare Program (U.S. Public Law 89-97, as amended) [42 U.S.C. § 1395 et seq.]; and a plan which is supplemental to Medicare parts A and B, or constructed as a plan under Medicare part C, for eligible pensioners entitled to services, rights or benefits under the federal Medicare Program.


§ 5204 Selection of the group insurance carrier.
(a) The health care insurance coverage shall be provided through a carrier incorporated under the laws of this State or legally authorized to transact business within this State, having adequate servicing facilities to carry out the terms of the contract.

(b) The health care insurance coverage shall be provided by a carrier offering, at the employee's or pensioner's own expense, optional supplemental or extended benefits coverage to each regular employee or eligible pensioner and similar hospital, surgical/medical and supplemental or extended coverage for such employee's or pensioner's spouse and dependents.

29 Del. C. 1953, § 5204; 57 Del. Laws, c. 319; 68 Del. Laws, c. 84, § 24; 69 Del. Laws, c. 64, § 67; 72 Del. Laws, c. 204, § 5.;

§ 5205 Duties of State Insurance Commissioner.

Repealed by 69 Del. Laws, c. 64, § 68, eff. July 1, 1993.;

§ 5206 Duties of State Treasurer.

Upon written authorization the State Treasurer shall withhold from the employee's salary or eligible pensioner's benefits such sums as are necessary for the payment of premium or subscription charges for the optional supplemental or extended benefits coverage and for spouse or dependent coverage.


§ 5207 Temporary employees.

Any person not a "regular officer or employee" but employed by a state agency and who works the regularly scheduled full-time hours of the employing agency or at least 30 or more hours per week or 130 hours per month (with allowable interruptions) shall be eligible for the health care insurance established under this chapter provided such person authorize in writing a payroll deduction from such person's salary of the amount of the premium for said insurance.

64 Del. Laws, c. 145, § 1; 70 Del. Laws, c. 186, § 1.;

§ 5208 Employees of labor organizations.

Any labor organization representing the state employees may elect to participate in the health care insurance plans provided by the provisions of this chapter for their regularly scheduled full-time regular employees who work in the State. The full cost of such coverages shall be remitted to the State by the labor organization no later than the first day of each calendar month for which coverage is being provided. The benefits provided to such employees and the cost of coverage shall be the same as provided to state employees covered by this chapter. Any labor organization wanting to participate in the state Group Health Insurance Program shall be governed by all provisions, rules and regulations of this chapter.

69 Del. Laws, c. 291, § 36.;

§ 5209 Employees of Delaware authorities or commissions.

(a) Any Delaware authority or commission may elect to participate in the health care insurance plans provided by the provisions of this chapter for regularly scheduled full-time employees. The full cost of such coverage shall be remitted to the State by the authority or commission no later than the first day of each calendar month for which coverage is being provided. the benefits provided to such employees and the cost of coverage shall be the same as provided to state employees covered by this chapter. Any Delaware authority or
commission participating in the State Group Health Insurance program shall be governed by all provisions, rules and regulations of this chapter and the State Employee Benefits Committee.

(b) Any regularly scheduled full-time employee of the Delaware Stadium Corporation, the Delaware Riverfront Corporation, or the Fort DuPont Redevelopment and Preservation Corporation may elect to participate in the health insurance plans provided by the State Group Health Insurance Program. The full cost of such coverage shall be remitted to the State no later than the first day of each calendar month for which coverage is being provided. The benefits provided to such employees and the cost of coverage shall be the same as provided to state employees covered by this chapter. Any Delaware Stadium Corporation or Fort DuPont Redevelopment and Preservation Corporation employee participating in the State Group Health Insurance Program shall be governed by all provisions, rules and regulations of this chapter and the State Employee Benefits Committee.

(c) All per diem and contractual employees of the Delaware General Assembly who have been continuously employed for 5 or more years may elect to participate in the health insurance plans provided by the State Group Health Insurance Program. The full cost of such coverage shall be remitted to the State by such employees no later than the 1st day of each calendar month for which coverage is being provided. The benefits provided to such employees and the cost of coverage shall be the same as provided to state employees covered by this chapter. Any such employees participating in the State Group Health Insurance Program shall be governed by all provisions, rules and regulations of this chapter and the State Employee Benefits Committee.

(d) Any volunteer fire or volunteer ambulance company in Delaware may elect to participate in the health care insurance plans provided by the provisions of this chapter for paid employees. The full cost of such coverage shall be remitted to the State by the volunteer fire or volunteer ambulance company participating no later than the first day of each calendar month for which coverage is being provided. The benefits provided to such paid employees and the cost of coverage shall be the same as provided to state employees covered by this chapter. Any volunteer fire or volunteer ambulance company in Delaware participating in the State Group Health Insurance Program shall be governed by all provisions, rules and regulations of this chapter and the State Employee Benefits Committee.

(e) Any county, soil and water conservation districts or municipality and the Municipal Services Commission for the City of New Castle may elect to participate in the health care insurance plans provided by this chapter for any of the following:

1. Regularly scheduled full-time employees;

2. Anyone receiving or who is eligible to receive retirement benefits in accordance with the Delaware County and Municipal Police/Firefighter Pension Plan with Chapter 88 of Title 11 or the county and municipal pension plan under Chapter 55A of this title.

The full cost of such coverage shall be remitted to the State by the county, soil and water conservation districts or municipality and the Municipal Services Commission for the City of New Castle no later than the first day of each calendar month for which coverage is being provided. The benefits provided to such employees and the cost of coverage shall be the same as provided to the state employees covered by this chapter. Any employee participating in the State Group Health Insurance Program through this subsection shall be governed by all provisions, rules and regulations of this chapter and the State Employee Benefits Committee. For the purposes of this subsection, a "full-time employee" is an employee who works at least 30 hours or more per week or 130 hours per month (with allowable interruptions). Retirees
receiving benefits may authorize the State Pension Office to deduct their share of cost from
their monthly pension. Participation by any county, soil and water conservation districts or
municipality and the Municipal Services Commission for the City of New Castle shall be
subject to approval of the State Employee Benefits Committee.

(f) Anyone receiving retirement benefits in accordance with the Delaware and Municipal
Police/Firefighter Pension Plan under Chapter 88 of Title 11 or the county and municipal
pension plan under Chapter 55A of this title, may elect to participate in the health insurance
plans provided by the State Group Health Insurance Program. The retiree shall authorize the
State Pension Office to deduct the full cost of coverage from the retiree's monthly pension.

(g) The State Employee Benefits Committee shall be authorized to recover costs from any
Delaware authority or commission, the Delaware Stadium Corporation, the Delaware
Riverfront Corporation, the Fort DuPont Redevelopment and Preservation Corporation, any
volunteer fire company, any county soil and water conservation district, and any municipality
which elects for its employees to participate in the health care insurance plans provided by
this chapter, based on the number of participating employees. Further, the State Employee
Benefits Committee shall be authorized to recover costs from any non-state organization
which is permitted to and elects to participate in the health care insurance plans provided by
this chapter, based on the number of participating employees. The revenue derived from
such cost recovery shall be used exclusively to support the administration of the State Group
Health Insurance Program.

Laws, c. 354, § 41; 71 Del. Laws, c. 372, § 1; 72 Del. Laws, c. 94, § 40; 72 Del. Laws, c. 204, §
15; 72 Del. Laws, c. 258, § 30; 73 Del. Laws, c. 74, § 61; 73 Del. Laws, c. 233, § 1; 74 Del.
Laws, c. 226, § 1; 80 Del. Laws, c. 298, § 22.;

§ 5210 Authority and duties of the State Employee Benefits Committee.

The State Employee Benefits Committee established by § 9602 of this title shall have the
following powers, duties and functions under this chapter:

(1) Control and management of the State employees group health insurance program
provided for in this chapter.

(2) Authority to establish the State employees group health insurance program on an
insured or self-insured basis.

(3) Selection of the carriers or third party administrators deemed to offer the best plan to
satisfy the interests of the State and its employees and pensioners in carrying out the intent
of this chapter.

(4) Authority to adopt rules and regulations for the general administration of the State
employees group health insurance program.

(5) Authority to make and enter into any and all contracts with any agency of the State, or
any outside agency, for the purpose of assisting in the general administration of this
chapter.

(6) Whenever the balance of the fund equity of the Employees' Health Insurance Fund
exceeds the amount determined by the State Employee Benefits Committee to be sufficient
to meet anticipated claims plus a reasonable reserve, the State Employee Benefits
Committee, in its sole discretion, may transfer the excess balance or any part of it to the
OPEB Fund, established pursuant to Chapter 52B of this title, to provide a source for the
future payment of retiree health benefits or the Disability Insurance Program, pursuant to
Chapter 52A of this title.