The State Employee Benefits Committee met February 12, 2018. The following people were in attendance:

**Committee Members:**
- Mike Jackson, OMB, Chair
- Judy Anderson, Designee of DSEA
- Steve Costantino, Designee of DHSS
- Saundra Johnson, DHR
- Tanner Polce, Designee of Lt. Governor
- Spence Price, Designee of CGO
- Nathan Roby, Designee of OST
- Stuart Snyder, Designee of DOI
- Ashley Tucker, Designee of Chief Justice, Administrator of Courts

**Guests:**
- Brenda Lakeman, Director, Statewide Benefits Office (SBO)-DHR
- Faith Rentz, Deputy Director, SBO-DHR
- Lisa Porter, SBO-DHR
- Andrew Kerber, DOJ
- Jennifer Bredemeier, Univ of DE
- Lisa Carmean, City of Milford
- David Craik, Pension Office

**Guests (continued):**
- Cherie Dodge-Biron, DHR
- Jacqueline Faulcon, DRSPA
- Darcell Griffith, Univ of DE
- Leighann Hinkle, SBO-DHR
- Christine Schultz, PGS
- Sandy Shalk, DRSPA
- Ann Spence, DRSPA
- Jim Testerman, DSEA-R
- Drew Wilson, Morris James
- Julie Caynor, Aetna
- Lisa Mantegna, Highmark
- Jennifer Mossman, Highmark
- Walt Mateja, IBM Watson Health
- Chris Giovannello, Willis Towers Watson
- Jaclyn Iglesias, Willis Towers Watson
- Rebecca Warnken, Willis Towers Watson

**Introductions/Sign In**
Director Jackson called the meeting to order at 2:02 p.m.

**Approval of Minutes** - handout
The Director entertained a motion to approve the minutes from the January 22nd SEBC meeting. Secretary Johnson made the motion and Mr. Snyder seconded the motion. The motion carried.

**Director’s Report** – Brenda Lakeman, Statewide Benefits Office (SBO)
The 1095C forms will be mailed out to employees within the next week.

**Securian Group Universal Life Renewal** – handout - Brenda Lakeman, SBO
Recommendations to vote upon include approval of across the board increase of 6.6% to all populations, active and ported, addition of Dependent Life coverage option of $20,000 as currently is $10,000 option only and offer Open Enrollment opportunity for May 2018. Vote to be taken after public comments.

**FY19 Preventive Care Modifications** – handout - Brenda Lakeman, SBO
Recommendations to also vote upon to waive copay ($0 copay) for all generic statins for members in a certain age range, both preventive and non-preventive usage as well as to adopt coverage for preventive 3D mammography at $0 copay as per guidelines for Aetna and Highmark. Vote to be taken after public comments.

**Financials**
**FY18Q2 Reporting** – handout - Chris Giovannello, Willis Towers Watson (WTW)
Through Q2, the GHIP is 10% below budget resulting in a surplus of $40.7M. Combined Active and Non-Medicare eligible retiree population is running 8% below budget. FY18 overall medical and prescription drug costs through Q2 decreased 2.3% over the same period in FY17 on a per employee basis. The Truven dashboard reveals four of the key cost drivers include inpatient admits decreased 8%, specialty drug increased 10%, breast cancer screening rates declined 11% and following the significant shift in enrollment into Aetna HMO for FY18, Aetna reported inpatient and outpatient utilization levels decreased yet anticipate these metrics will return to expected levels. Additional analysis shows where the GHP is YTD against fiscal year. The Medical/Rx budget shows 90% YTD versus the 96% expected end of FY2018. A
significant reduction in the claims experience for Q2 resulting in 91% loss ratio, not as favorable as in Q1 with 89% yet expect uptick as claims increase. WTW plans to hold to the current trend assumption even with other factors escalating like the flu virus. Expectation is to spend 14% more in the last half of the fiscal year than in the first half. A review of the Reconciliation between WTW FY18 Q2 financial report and the OMB December 2017 Fund Equity report was conducted.

**FY19 Projections** – handout - Rebecca Warnken, Willis Towers Watson (WTW)
A recap from the December 11, 2017 meeting was performed with a projection of $790.2M. A reforecast of the projections include Q2 FY18 increased the projection to $794.6M representing a 0.6% increase driven by a slight increase in GHIP headcount, increase in claims experience and a decrease in expected EWP revenue in second quarter. WTW will continue to review emerging FY18 claims experience. Projected FY19 cost is $850.4M or a 7.0% increase over FY18 recast and suggests a 4.8% increase in budget rates if no surplus is used to offset. FY19 projected cost reflects the impact of approved and proposed changes effective July 1, 2018 of expanded site-of-care steerage and Centers of Excellence programs ($2M savings), waive copay for all generic statins ($286K additional proposed cost) and to cover preventive 3D mammography ($837K additional proposed cost). Dialogue on the yearly fluctuations, variations and trend assumptions occurred and the need to examine 24 months of data. A sensitivity analysis was shown with a range of reasonable assumptions for two time periods and varying health care trend factors with the recommendation column. For perspective sake, if FY19 rates remain flat and surplus is used, WTW estimates rates would need to increase 10% to cover expected GHIP expenditures for FY2020. The reserve should be set at $25.7M (97% confidence interval). WTW will examine the reserve model at the end of FY18. The recommended claim liability is $58.9M based on paid claims for the period January 1 – December 31, 2017 and includes the noted lag factors that WTW reviews annually. This will be revisited again in six months. Director Jackson emphasized to the Committee the necessity to move forward to continue to close the gap in revenue less expenses.

**Public Comments**
None

**Motions**
Director Jackson entertained a motion to approve the recommendations as presented for the Securian Group Universal Life Renewal. Secretary Johnson made the motion and Mr. Price seconded the motion with one abstention recognized. Motion carried.

The Director requested a motion to approve the FY19 Preventive Care Modifications as presented. Mr. Costantino shared comments from Secretary Walker and dialogue occurred. Secretary Johnson made the motion and Mr. Costantino seconded the motion with one abstention acknowledged. Motion carried.

**Other Business**
Director Jackson informed the committee to plan for a discussion at the next meeting on the two additional handouts provided by IBM Watson Health (Truven) that include Q1 FY18 Net Payments, Utilization and Trends from Incurred Claims and Q1 FY18 Impact of Copayment Changes to Urgent Care and High-Tech Imaging Services.

Director Jackson announced the next meeting is February 26, 2018 and then requested a motion to adjourn the meeting. Secretary Johnson made the motion and Mr. Price seconded the motion. Meeting adjourned at 3:15 pm.

Respectfully submitted,

Lisa Porter
Executive Secretary
Statewide Benefits Office