

Minutes of the Retirement Benefits Study Committee

July 26, 2021 - 11:00 a.m.
Anchor Location: JFC Hearing Room, Legislative Hall, Dover, DE
and Virtual

Committee Members Represented or in Attendance:

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| Rick Geisenberger | Chair, Secretary of the Department of Finance |
| Cerron Cade (Virtual) | Vice Chair, Director of the Office of Management and Budget |
| Ruth Ann Jones | Controller General |
| Joanna Adams | Director of the State Office of Pensions |
| Faith Rentz | Director of the Office of Statewide Benefits and Insurance Coverage |
| Colleen Davis | State Treasurer |
| John Mitchell | Delaware House of Representatives |
| Trey Paradee | Delaware State Senate |
| Michael Begatto | Executive Director, AFSCME, Council 81 |
| Aaron Klein (Virtual) | Senior Vice President & Director of Performance and Analysis, WSFS |
| Judy Anderson for Jeff Taschner | Executive Director, Delaware State Education Association |

Others in Attendance:

Chris Giovannello, Willis Towers Watson
Jaclyn Iglesias, Willis Towers Watson
Margaret Tempkin, Cheiron
Bert Scoglietti, Controller General's Office
Courtney Stewart (Virtual), Office of Management & Budget
Sean McNeeley, Dept. of Finance
Bobbi DiVirgilio, Dept. of Finance

I. Call to order

Secretary Rick Geisenberger called the meeting to order at 11:00 a.m.

a. Introductions

Secretary Geisenberger asked the members to introduce themselves and welcomed the new members: Senator Paradee, Controller General Ruth Ann Jones and Director of OMB Cerron Cade. He also introduced Sean McNeeley as the Director of Bond Finance.

b. Approval of the Minutes of the Meeting of March 9, 2020:

Minutes Approved

II. Summary of Prior Meetings

Rick Geisenberger, Secretary of Finance and Study Committee Co-chair presented slides 3 through 7, reviewing the summary of prior OPEB presentations.¹

III. Updated OPEB Liability as of June 30, 2020

Margaret Tempkin of Cheiron presented slides 8 through 12, providing the changes in OPEB liability.

IV. Future Considerations/Scenarios

Chris Giovannello and Jaclyn Iglesias of Willis Towers Watson presented slides 13 through 20, with the following additional comments:

- Revised actuarial value of options – Pointing out that the Group Medicare Advantage + EGWP is a new option not previously presented.
- Recent market dynamics affecting the GHIP - Faith Rentz, Director of the Office of Statewide Benefits and Insurance Coverage, provided that they are targeting December 2021 for the results of the Medical TPA RFP to become publicly available. The State Employee Benefits Committee (“SEBC”) will be very involved in this process. Any contract awarded in December 2021 would be effective in July 2022. Specifically, for Medicare population changes would go into effect as early as January 2023.

V. Benchmarking Survey Findings from Other States

Chris Giovannello presented slides 21 through 26, reviewing the Retiree Medical Benefits Survey.

Treasurer Davis questioned who the four states are that offer the Health Reimbursement Account (“HRA”). She would like to know what those states’ financial structure looks like, liabilities are, etc. Director Rentz is not able to answer which specific states these are and also not sure she would be at liberty to provide any actual details. She will review and see what details they would be able to provide.

Senator Paradee questioned whether any of our surrounding states (Maryland, Pennsylvania, New Jersey) participated in the survey. The specific states that participated in the survey and what region they are put in with is listed in the Survey handout provided to each member.

Director Rentz made the following clarification providing that the RFP that the SEBC is currently reviewing includes a request for a Medicare Advantage product. The HRA

option that has been discussed with this committee features the Medicare marketplace exchange. That option was not part of the current RFP procurement and it would require a separate RFP process that would have to occur into 2022 depending on the decisions made by this committee and the SEBC along with preparation for statutory changes.

VI. Additional Modeling on Retiree Impact of Select Options

Chris Giovannello presented slides 27 through 29, reviewing the additional modeling of the retiree household impact analysis for the HRA/ individual marketplace option.

Secretary Geisenberger pointed out a question that was previously asked by Jeff Taschner that should be addressed at a future meeting would be a better understanding of how you project out over 20/30 years is there a point at which due to health care inflation and other costs, you would expect the premiums for the HRA/ individual marketplace option to have a crossover and at what age a retiree in the future would not be better off. Could there be a “safety net” structure set up for that scenario. Per Mr. Giovannello, they will provide a more formal answer to this question at a future meeting.

Judy Anderson, representative for the Delaware State Education Association, asked if the Medicare Advantage Plans were regional or national networks. Ms. Iglesias stated that it would depend on the specific plan, this is part of the RFP (network access and provisions).

VII. Next Steps

Secretary Geisenberger presented slides 30 through 32 discussing the next steps for the Retirement Benefits Study Committee, with some additional details provided on the following:

1. Funding Enhancements:
 - Section 16 of Bond Bill: This is longtime epilogue language that provides the unclaimed property gross revenue is capped under legislation in Title 29 if you go over this cap that money becomes available to the bond bill committee for K12 construction, debt reduction or the OPEB liability. This year this language was amended to provide that any amount of the cap for fiscal year 2021 will specifically go toward any unclaimed property contingent liabilities and if not needed for that purpose then it will automatically be transferred to the OPEB trust fund.
 - Develop modeling scenarios tied to advisory Benchmark Index: Currently 3.6% of payroll for OPEB trust fund, equaling \$8-\$9 million per year (under epilogue language in the budget). They are working on scenario analysis on what it would like if a more substantial deposit was made, and it grew over time. This will be presented at one of the next meetings.
 - Review alternatives at upcoming meetings.

2. Benefit/Eligibility Revisions:

- Review responses to the 3rd Party Administrator (TPA) RFP: The SEBC plans to have this targeted for December 2021 and they will have to decide whether they are able to make at least some level of assumptions on what these savings would be.
- Develop additional modeling and data response to considerations and open questions: Secretary Geisenberger asked the Board if they wanted any additional models/data that was not previously looked at. None was stated by the Board during the meeting. Board Members can email if they would like to add after the conclusion of the meeting.
- Future meetings: It was decided with no opposition by the Board to hold at least three more meetings on the last Monday of each month at 10:00 a.m., in the same location with a virtual option as well.

VIII. Public Comment

Kristin Dwyer – Asked what happens with Executive Orders expiring when the Governor’s term ends. Secretary Geisenberger provided that an Executive Order does not expire when a Governor’s term ends and only expires if repealed by a subsequent order.

IX. Adjournment

A motion to adjourn was made and seconded and passed unanimously.
The meeting adjourned at 12:32 p.m.

Respectfully Submitted by Bobbi DiVirgilio

¹ Presentation slides for all meetings are available the Department of Finance’s website at: <https://finance.delaware.gov/financial-reports/committee-reports/> under Retirement Benefit Study Committee.