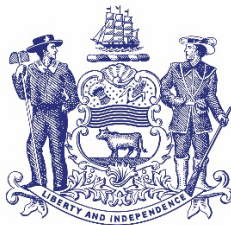


Joseph Malloy, Chairman
Local 1590 City of Wilmington Firefighters

Fred Calhoun, 1st Vice Chairman
Delaware Fraternal Order of Police

Janice Vander Decker, 2nd Vice Chairman
Delaware School Nutrition Service Association

International Assoc. of Local 1590 City of Wilmington Firefighters
Delaware Retired School Personnel Association
Delaware Association of School Administrators
Delaware School Nutrition Service Association
Delaware State Education Association
Delaware Fraternal Order of Police
Delaware State Troopers Association
Two at-Large Members



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PENSION ADVISORY COUNCIL
MEETING MINUTES FROM NOVEMBER 15, 2022

Members present:

Joseph Malloy	WFD IAFF 1590
Janice Vander Decker	DSNA
David Taylor	DRSPA
Charlotte Lister	At large
Jim Testerman	At Large

Members absent:

Kevin Carson	DASA
Fred Calhoun	FOP
Karen Crouse	DSEA
Mark Ryde	DSTA

Others present:

Joanna Adams	Pension Administrator
Stephenie Tatman	Deputy Pension Administrator
Vicki Schultes	Executive Assistant to Pension Administrator

1. CALL TO ORDER:

Mr. Malloy called the meeting to order in person at 1:36 p.m.

2. OPENING COMMENTS:

D. Taylor requested discussion regarding retiree healthcare be included in the meeting content. Everyone agreed that healthcare would be addressed later in the meeting.

3. ADDITIONS TO THE AGENDA:

There were no additions to the agenda.

4. APPROVAL OF THE JUNE 30, 2022 MINUTES:

It was noted that the agenda referenced an incorrect date for the June 2022 meeting. The June meeting was rescheduled from June 14th to June 30th, therefore, the minutes being reviewed were from the June 30, 2022 meeting.

J. Malloy requested the approval of the June 30, 2022 meeting minutes. The motion was made by C. Lister and seconded by D. Taylor. The motion was adopted unanimously.

5. CHAIRMAN'S REPORT:

There was nothing to report.

6. OLD BUSINESS:

There was nothing to report.

7. NEW BUSINESS:

Nominations of officers for the 2023 legislative session were discussed. C. Lister was in favor of nominating K. Carson for Chairman, but everyone agreed the Pension Advisory Council (PAC) (or Council representative) needed to speak with Dr. Carson first. Mr. Malloy stated he is unable to serve as Chairman next year, so it is imperative to move forward with nominations and elections.

D. Taylor stated that while the PAC reports and minutes are created and maintained by Office of Pensions (Office) staff, the most significant aspect of serving is being the primary liaison to the Delaware legislature. D. Taylor shared that F. Calhoun and M. Ryde are also good candidates for Chairman, however, they also need to be asked if they are interested in serving before moving forward with formal nominations.

Everyone agreed that Mr. Malloy has done a great job serving as Council Chairman. Mr. Malloy thanked those present for their support. Mr. Malloy stated that F. Calhoun, as 1st Vice Chairman and an active lobbyist for the FOP with the legislature, is a logical choice for Chairman moving forward. Mr. Malloy will call F. Calhoun and K. Carson to discuss the desired nominations; the result of those conversations will determine how the Council will proceed with the nominations and elections. Two options being considered are calling a special meeting between now and the next scheduled Council meeting in January 2023, with the sole purpose of nominations and elections, or waiting until the January 2023 meeting and completing the nominations and elections at that time.

RETIREE HEALTHCARE:

Mr. Malloy and others recognized that the Office is responsible for the transactions involved in enrolling and disenrolling pensioners in retiree healthcare plans. Office staff accept the role of the human resource (HR)/health benefits manager with pensioners, handling the challenges of front-line open enrollment and health plan transitions. Statewide Benefits Office (SBO) and State Employee Benefits Committee (SEBC) strive to provide the best options for pensioners, and there are typically few significant changes to healthcare options from year to year.

Ms. Adams reported the following:

1. The SEBC voted to transition from Special Medicfill to a Medicare Advantage Plan for the calendar year 2023, following the 2022 award presentation. The Office recognized the challenges that took place during the transition from Express Scripts to the CVS Caremark rollout and took a proactive position to ensure a better process. However, every spring is consumed with open enrollment, resulting in the Office not starting formal communications with retirees until the beginning of June 2022. It takes at least six weeks from start to finish to get communication mailed from the Office due to legal compliance, working with the printing vendor, paper supply shortages, and other challenges. The mailings have slowed but are still ongoing. The

Office conducted educational sessions in August 2022, with additional outreach regarding open enrollment conducted in October 2022.

2. The SEBC has stated they would monitor claim denials and have Highmark report to them the denial statistics. Highmark is not in the business of denying healthcare, but denials are the result of misinformation or a lack of information. Retirement Benefit Study Committee (RBSC) has illuminated the fact that there is a lot more work to do, particularly regarding changes to active employee healthcare (for non-Medicare eligible healthcare options).
3. There is a public perception that Medicare Advantage Plans are negative. A significant effort was made to stress that the Medicare Advantage Plan that is being offered to Delaware retirees is an employer-sponsored healthcare plan. The structure of benefits was proposed to mimic our Special Medicfill Plan. For the most part, there are no out-of-pocket expenses for retirees (who would have been) enrolled in the Medicare Advantage Plan in 2023.
4. Additional concerns about continuing or new coverage for pre-existing medical conditions were also a driving factor in public perception of the proposed new Medicare Advantage Plan. With Medicare Advantage, the entire balance would be billed to Highmark, because Highmark would be assuming the responsibility of Medicare. In turn, the federal government is paying Highmark to manage Medicare for retirees. Consumers are assuming they will lose health benefits because getting more services for less cost is atypical.
5. The RBSC felt that implementing the Medicare Advantage Plan would be an easier transition for retirees because it would have eliminated the overwhelming marketplace comparisons. The staff is backtracking the system changes put in place for the anticipated rollout. The Office is returning to “business as usual” for 2023.
6. In addition, healthcare costs will continue to rise in the long term. Presently, State employees and taxpayers are subsidizing healthcare costs for retirees.
7. Other post-employment benefits (OPEB) liability is down to \$8 billion from \$10 billion. Had the Medicare Advantage Plan transition moved forward, the liability would have dropped to \$6 billion.
8. For the short term, a hearing on the court-ordered stay for implementing the Medicare Advantage Plan is scheduled for November 28, 2022. A judge will ultimately decide the outcome and future of the proposed Medicare Advantage Plan.

The Pension Advisory Council took no action on these items during the meeting.

DEATH BENEFIT INCREASE - D. Taylor asked if there had been any discussion or consideration about increasing the death benefit for retirees. This is something to consider in the future.

8. PENSION ADMINISTRATOR’S REPORT:

SS 1 FOR SB 14 W/ SA 1, SA 3, AND HA 1 - This bill mandates that PRIs for retirees who have been retired at least 20 years from the date of the increase receive more than those retirees who have been retired less than 20 years. It also prevents substantively automatic PRIs which refers to PRIs paid on a regular basis or pattern such as biannually or every 3 years. This was signed by the Governor on October 26, 2022.

FY22 Annual Comprehensive Financial Report (ACFR) – The FY 22 ACFR is being presented to the Board of Pension Trustees during their November 18, 2022 meeting. FY 22 resulted in a -13.4% return on investments. Because of the 38% return for FY21, the 2-year average is over 9%.

9. ADJOURNMENT:

The next meeting of the Pension Advisory Council is scheduled for January 10, 2023.

Being no further business, the motion to adjourn was made by C. Lister and seconded by D. Taylor at 2:32 p.m. The motion was adopted unanimously.

Respectfully submitted,

Joseph P. Malloy, Chairman
Pension Advisory Council