

RISE Delaware™ Update: Remarks by Sen. Karen Peterson (ret.) and SEBC member on 5/8/25

Good afternoon: Please see below the remarks by Senator Peterson (ret.) on May 8. Per her remarks, we have several issues that we will need to work on in the future. Stay tuned for more information from RISE.

Thanks, Lisa Diller

Remarks by Sen. Karen Peterson (ret.) and SEBC member to the Delaware Retired School Personnel Association / May 8, 2025

Earlier this year, former Rep. Bill Oberle and I were appointed to serve as the retiree representatives on the State Employee Benefits Committee (SEBC) and today, I want to talk about two issues, in particular, that we have raised in our first four months.

The first has to do with the premiums –

For the past 3 years, we (RISE Delaware) have been fighting the State over how much they charge us for our Medicfill and Rx plans. Some of us pay nothing, but thousands pay all or a percentage.

Last year, we got hit with a 27% increase in premiums. That was huge. This year, the State's consultants proposed a 4.2% increase.

I strongly objected to the increase because we are already paying 13.6% more in premiums than what the State actually pays for our healthcare. In fact, Medicare retirees generated a \$26.2 million surplus this year, which is used to supplement the premiums of active state employees. That is just wrong.

I argued that there is no reason to increase our premiums.

So, I proposed that the State reduce our premiums by 13.6% instead of increasing them by 4.2%. (heated discussion followed)

In the end, the SEBC - by a vote of 8 to 3 -- approved the 4.2% increase.

So, for Medicare retirees, premiums will increase from \$612 a month to \$638 in January.

This is a battle that we will continue to fight (as we have for 3 yrs.)

It's not right that the people who can least afford it (retirees living on social security and pensions) are subsidizing the healthcare costs of active employees who received a 31% pay increase under Gov. Carney vs. our measly 2 or 3% pension increase.

It's wrong and we will continue to fight it.

The second item I want to talk about is our Prescription Drug Plan - which is currently run by CVS (until 6/30/26).

The first time I read our contract with CVS, I was reminded of an old saying that "A camel is a horse designed by a committee."

Our prescription drug plan is a good example of that. And that's not the State's fault - it's the fault of the healthcare industry in our country - and how Pharmaceutical Benefits Managers

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(PBMs) operate. Just like Medicare Advantage plans, PBMs operate solely to make money for themselves. Delaware, like so many other employers, has used PBMs for years. And if there's one thing I know, it's that "If you keep doing what you're doing, you'll keep getting what you're getting" and some of us think that we could do a lot better (price wise).

One of the alternative options that we've proposed is to change the way the State awards the contract for prescription drugs. Instead of just reviewing the bids of qualified vendors and picking the one that scores the highest - (as we do now) we've proposed switching to a "reverse auction" model.

That's where all of the qualified bidders take part in a live auction - to compete for the State's contract. The lowest bidder wins. That's why it's called a "reverse auction." You're bidding the price down - instead of up, as in a normal auction. This has worked very well in several other states, saving millions of dollars in prescription drug costs - and premiums. The SEBC has expressed interest in adopting this model.

But first, we have to get the law changed to allow for reverse auctions and that is in the works. It might not be done in time for the upcoming contract but it will be an option in the near future for all healthcare contracts.

The other proposal we've made is to switch to a different kind of prescription drug plan called "Cost Plus Drugs." Unlike our CVS plan that contains all kinds of hidden profits that we never get to see and never receive, a "Cost Plus Drugs" plan is completely transparent. If a particular drug costs \$5 to manufacture, we'd pay \$5 plus a standard administration fee (a handling fee) like 15%. No more "hocus pocus" pricing schemes where the PBM has all kinds of side deals with the manufacturers for rebates, discounts, bonuses, and other "behind the curtain" deals.

The SEBC has discussed including a "Cost Plus Drugs" plan in our upcoming "Request for Proposals" for our next prescription drug contract. That would help drive down the costs of our prescriptions.

The last thing I want to talk about is what's happening at the federal level - because that could have grave consequences for those of us who are on Social Security and Medicare.

First, the Social Security Administration has been gutted by DOGE -- numerous regional offices have been closed, - walk-in traffic is no longer permitted at the remaining offices, -it takes hours to get through to them by phone (because of staff cuts) -and their website has crashed four times in the past month.

The plan, according to Project 2025, is to shut down the Social Security Administration completely- and privatize it. I've been in government long enough (over 50 years) to know that privatization is never a good idea - and never saves money. It just makes money for the private company that takes it over.

Second, there is a plan in the works right now to discontinue Traditional Medicare benefits

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and put all of us in a Medicare Advantage plan. This will begin as a "pilot program" - to see how much money they can save which is a joke - because MA plans charge the gov't 12% more than Trad. Medicare.

We just spent two years - and \$470,000 to fight the State's plan to put us all in Medicare Advantage. We know how bad Medicare Advantage plans are and we have to fight back - AGAIN!

If you believe, as I do, that these benefits are worth saving, that these benefits are what we paid for and worked for all our lives, then we need to speak up and do something now -- before it's too late. Attend a rally or a protest.

Make your voice be heard! Send money to an organization that is fighting for us in the courts.

I've learned that there are three kinds of people in this world -

- Those who make things happen
- Those who watch things happen
- And those who wonder what happened.

And if you've ever wondered what you would have done if you had lived in Germany in the 1930s--you're doing it now.

Let's not allow history to repeat itself.

We're all in this together.

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