

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

November 14, 2023

The Honorable Cerron Cade
Director
State of Delaware
Office of Management and Budget
Haslet Armory, Third Floor
122 Martin Luther King Jr. Boulevard South
Dover, Delaware 19901

Re: Fiscal Year 2025 Budget Request

Dear Mr. Cade:

Thank you for the time today to discuss financial matters for the coming Fiscal Year. I am proud and appreciative of the Administration's work to build reserves, address OPEB liability, and confront critical challenges in the spaces of hiring, retention, compensation, and benefits.

Many of the financial issues the Department of Insurance is facing are faced by departments throughout the state, but our status as the only entity receiving no General Funds means we experience these changes quite a bit differently – and of late, with some level of increased difficulty.

On top of this, our income streams are defined by law, and have decreased about 14% over the last three years. Statewide policy changes, including 23 mandated reclassifications and annual salary and benefit increases, as well as substantial unfunded legislative mandates have further burdened the department.

Luckily, the funds we provide to the General Fund, fire companies, ambulance providers, police and fire pensions, and the like has not been subject to the same revenue softening trend. In fact, our contribution has been increasing. We estimate that even after the requests we share today are fulfilled in the budget process, we are likely to contribute roughly \$185M to these and the General Fund in the coming fiscal year.

This year, we are requesting the following:

2 Admin Positions:

- 1 in the Delaware Medicare Assistance Bureau. This role has been in place for 10 years as a casual seasonal -- it's necessity is well documented, and we continue to see increasing consumer contact in this area. DMAB provided more than 5,000 one-on-one consumer counseling sessions in 2022, saving beneficiaries a combined \$1.5M.

- And, we are requesting 1 admin in the Captive Bureau moving to FTE after 4 years of hiring contractual temps for the role. Recent legislative initiatives, such as the creation of Side A director and officers coverage, and ones to be proposed next year, are expected to increase the number of captives. As of year-end 2022, 730 captive licenses were in effect.
- This is a request we are renewing from last year.

We have also submitted a Structural Change Request for the Office of Value-Based Health Care Delivery, which includes a request for:

- \$1M in General Funds to be used to fund our Director, contractual services, and to hire the analysts previously defined as necessary within the fiscal notes of related legislation.
- In turn, the ‘safety net’ language in the epilogue would be eliminated. We do appreciate your willingness to work with us in the current fiscal year as it relates to that process.
- This proposal has the support of Majority Leader Townsend, the creator of this legislative mandate, as well as other key players like Delaware Health Care Commission Chair Dr. Nancy Fan.
- From the time this Office was legislatively created to today, we have gone from 1 insurer and 12 plans in the Health Insurance Marketplace, to 4 carriers and more than 50 plan options being offered next year.

We also wish to amend DOI’s Revenue Structure:

- DOI hopes to seek to legislatively, through epilogue, retain an agent license or fee line of roughly \$5M. This income stream is necessary to ensure continuity of operations considering both the decrease in income, and the increases in expenses.
- This will provide the funding necessary to back up a 9% requested increase in authority for employment expenses, as well as ensure we can weather other statewide policy changes, such as the DTI service plan.
- Of course, any remaining funds would be swept back to the General Fund.
- We have discussed this approach with the Controller General’s Office.

That concludes our requests.

If you have questions, I have in the room with me today our Chief of Staff, Stu Snyder, and virtually we have our Deputy Commissioner Tanisha Merced, Senior Policy Advisor Chris Haas, Cristine Vogel, the Director of our Office of Value-Based Health Care Delivery, and our Controller whom you all know, Joe Maddox.

We again thank you for your time, and we are available if you have any questions or would like to share your thoughts on the solution we have developed for our difficult situation.”

Sincerely,



Trinidad Navarro
Insurance Commissioner