

DRAFT**GROUP INSURANCE COMMISSION**

Charles F. Hurley Building
19 Staniford Street
Boston, MA 02114

MINUTES OF THE MEETING

NUMBER: Six Hundred Thirty-Four
DATE: November 16, 2017
TIME: 8:30 A. M.
PLACE: 19 Staniford Street, Boston, MA 02114

Members Present:

VALERIE SULLIVAN (Public Member), Chair

ANNE M. PAULSEN, (Retiree Member), Vice Chair

GARY ANDERSON, (Acting Commissioner of Insurance)

THERON R. BRADLEY (Public Member)

TAMARA P. DAVIS (Public Member)

EDWARD T. CHOATE (Public Member)

CHRISTINE HAYES CLINARD, ESQ. (Public Member)

JOSEPH GENTILE (AFL-CIO, Public Safety Member)

BOBBI KAPLAN (NAGE)

MELVIN A. KLECKNER (Massachusetts Municipal Association)

FRANK GERVASIO, DESIGNEE FOR MICHAEL HEFFERNAN (Secretary of Administration and Finance)

MARGARET THOMPSON (Local 5000, SEIU, NAGE)

TIMOTHY D. SULLIVAN, Ed. D. (Massachusetts Teachers Association)

EILEEN P. MCANNENY (Public Member)

Members Absent:

KEVIN DRAKE (Council 93, AFSCME, AFL-CIO)

The Chair began the meeting by sharing the positive feedback she had received regarding the Healthcare 101 presentation from last month's Commission meeting, and thanked Willis Towers Watson for their contribution. The Chair congratulated Commissioner Anderson for his new official role as Commissioner of Insurance at the Division of Insurance. She also welcomed Frank Gervasio, as the designee for Secretary Heffernan. The Executive Director shared that Secretary Heffernan had made a site visit earlier in the week, on November 14th, and that he had been briefed on GIC matters during his visit.

I. Approval of Minutes

Commission

Upon a motion made by Commissioner Kaplan and seconded by Commissioner Paulsen, the Commission unanimously voted to approve the October 19, 2017 minutes.

II. Director's Report

Roberta Herman, M.D.

The Executive Director informed the Commission that the GIC is not able to provide information with regard to operational reports at this time due to data challenges in the new MAGIC system. Analytics is also currently a challenge, as there is a vacant role in the department. All regular business, bills, and payments continue as usual; however, the out-of-pocket report is delayed and expected at the beginning of the year.

The Director of Operations stated that the MAGIC system had converted from a mainframe to a Web-based system in July, and that the GIC has 1,100 agencies from which to collect payment, as well as 200 separate payroll systems to collect those premiums. The GIC approached these changes with the question of how the agency can improve the entire process and how the GIC can deliver and format reports that are easy for other agencies to use. Simultaneous with the MAGIC conversion, the GIC also finished the conversion of the MBTA active employees and they are now all in the HRCMS system.

Given the success of the MBTA conversion, the GIC decided to apply the same approach to the retirement boards. The largest boards the GIC has are the State Retirement and Teachers' Retirement Boards; they are now all online and the GIC receives automated matches, with bills and refunds being automatically created for 70,000 retirees. There were some changes regarding municipalities as well, such as the redesign of reports and billing the municipalities through a coordinator portal. This portal is much more efficient and contains reports for all 57 municipalities, whereas in the past secure e-mails were being sent separately for every single

municipality. The portal makes it possible for each municipality to access the report it needs and convert it into whichever format works best for it.

The Executive Director added that with regard to Commission reporting, the GIC needs to re-evaluate what kind of reporting is needed and what frequency makes sense going forward.

The Executive Director announced that the bulk of the agenda would focus on the member survey results. She took a moment to thank the GIC staff and Willis Towers Watson (WTW) for their assistance regarding the content of the survey and for implementing the survey in such a short window of time. She was pleased with the data set received, and although it will be refined over time, she was glad to be able to share the results of the survey thus far with the Commission. The other goal she wished to accomplish in this Commission meeting was to provide an update on the timeline of the listening tour, the public hearings, and the procurement schedule.

With regard to legislative developments, members of the GIC met with Senator Lewis for a meet and greet. Also, the Senate health care reform bill was introduced recently and the Executive Director stated that while the GIC is supportive of most of the provisions, the bill was not strong in terms of taking action to contain provider price growth. The GIC was pleased to see the bill focusing on facility fees, in which there is an additional charge for care when it is delivered at a hospital facility. In many instances, this charge is used to finance the infrastructure of the institution. Commissioner Davis asked if this would happen often in teaching hospitals, and the Executive Director responded affirmatively.

The Executive Director also indicated that the GIC is supportive of telemedicine and advanced payment model initiatives. The focus of many of these initiatives has been on how many members are enrolled in providers and products that have alternative payment arrangements. She explained that having significant members enrolled in alternative payment contracts alone is not necessarily significant. There are various factors to be considered, such as how payments are structured; whether or not payments are based on historical factors; meaningful risk; and the percentage of a provider system's revenue that is at risk. The Chair asked if there are any benchmarks that suggest what that percentage is, for organizations such as Partners. The Executive Director responded that that information is not yet available; however, Stuart Altman from the Health Policy Commission has agreed with the Executive Director's recommendation that this was something important to look at, and that it was a very interesting idea which they would consider in regard to understanding the provider perspective.

The Executive Director also noted that the current Senate healthcare bill had an amendment reconfiguring the GIC that eliminates public seats and adds labor seats. She explained that this is consistent with legitimate concerns on the part of membership, and specifically the unions,

about whether they have adequate information and representation regarding healthcare decisions particularly with increases in out-of-pocket expenses.

The Executive Director also spoke about a meeting the GIC had on October 25th with Rep. Parisella, the Co-Chair of the Joint Committee on Public Service. It was a very positive meeting and there was discussion regarding an amendment which proposed the reconstitution of the Commission to add House and Senate leadership. There was also a suggestion of a cap for out-of-pocket expenses at \$2,000 per individual and \$4,000 per family. Another amendment proposed adding a representative from the Massachusetts Organization of State Engineers & Scientists (MOSES). Also discussed was a strong interest in supporting diabetes prevention programs. The GIC's position on this would be that no specific program should be mandated, as there will inevitably be newer and more advanced programs and it would be unwieldy to have to continually return to the legislature in order to keep up with innovation and change. With regard to wellness programs in general, the Executive Director expressed her interest in keeping the language more general, so that individuals could choose the kind of wellness benefits that pertained to them. She felt that this approach would be more inclusive and more effective. Overall, the meeting and discussions with the representative were positive and productive.

The GIC also had a call with the staff of Senators Rodrigues and O'Connor Ives on November 7th regarding language in the Senate healthcare bill about generic drugs. As with the diabetes initiative, it was felt that mandates were not desirable and might hamper the GIC's goals with regard to pharmacy.

The Chief of Staff added that all of the GIC's efforts are part of our stakeholder engagement strategy and part of a broader effort which ties in with the member survey and listening tours.

The Executive Director also mentioned that the GIC would benefit from creating a dedicated legislative position within the confines of the budget. She also touched on the trip to Springfield; she thanked Commissioner Gentile for orchestrating and Commissioner Kaplan for making the trip. There were about 12-15 attendees, predominantly representing labor and some representing retirees. The meeting addressed who the GIC is, what its composition is and what it does. There was also a focus on what the Commission did well and areas in which it felt it could improve. The Executive Director said that it was a great conversation in which the GIC was able to articulate the challenges it faces as an agency and to reassure people that our goal is not to just shift costs to members. She emphasized that last year was a difficult year; and that the agency tried several other remedies before being forced to do so. She also wanted to convey her understanding that our mandate involves a very delicate balancing act, and that we need the public's help to insure that we are being held accountable. The Executive Director

concluded that she felt the meeting was open, honest, and respectful and was an excellent dialogue in which to receive feedback.

The Executive Director invited commentary from the Commissioners, and Commissioner Kaplan added that she was excited to meet her counterparts in labor. She got the impression that people were very appreciative that the Executive Director came out and gave them an opportunity to have a face-to-face and to have someone to speak to. There had previously been some communication issues, but it was acknowledged that the problem was not necessarily the fault of the GIC. Other than the communication issue, the other important concern was pharmacy. Some people explained that the out-of-pocket costs, especially for retirees, were high while their pensions remain low. Commissioner Kaplan felt that the Commissioners had an obligation to become more involved with the people they represent. She also felt that the GIC needed more listening tours, and that they are a great way of educating its members. The Executive Director agreed and added that it is a way of building trust as well.

Commissioner Gentile expressed that this trip to Springfield was greatly appreciated.

The Executive Director mentioned some other observations, such as an expressed desire to work more closely with local personnel offices, and determining how people felt about the decision guides and whether they are effectively reaching members. It has been noted that they are sometimes overlooked or they are not being distributed properly.

The Chief of Staff added that the key word regarding the listening tours is opportunity. She pointed out that the feedback received establishes a baseline that the GIC can measure from moving forward. She also mentioned that the survey results were consistent with initial commentary regarding concerns about cost and communications from the listening tours. The Executive Director also commented that the GIC is always looking for new opportunities to receive additional feedback.

Regarding the vacant Communications Director role, the Executive Director stated that the GIC is currently interviewing several promising candidates. The Executive Director also thanked Nick Vogler, who came to the GIC as a temp and who has proven to be an invaluable asset with regard to the website.

The Executive Director next discussed the affordability task force and mentioned that several Commissioners had offered to participate. In addition to the Chair, the task force will consist of Commissioners Choate, Clinard, and Kaplan. The task force's core team will consist of the Executive Director, General Counsel, and Assistant Director of Strategic Initiatives. The task force will also have as consultants the Budget Director and the Director of Enterprise Integration, and will work closely with Head of HRD, Ron Arigo, Chris Harding of the DOR, and

Willis Towers Watson. The goal is to do some work between December and March, and report back after the procurement decisions have been made. Part of this work will be a high-level, multiyear plan regarding approach and pace. The core team will meet every other week, and with the other Commissioners once a month.

Commissioner Paulsen suggested that one of the first tasks might be to meet with the Massachusetts Retirees Association as a good source of information, especially regarding income. The Executive Director responded that the GIC has already met with them, and that in the interest of keeping the task force's roles manageable, the core team would continue to meet with various groups and report back. The Executive Director also asked which group the task force should focus on first, and mentioned that the Non-Medicare retirees may be the most distressed and should be looked at in more detail.

Commissioner Davis asked if the goal of the task force was to define affordability for each specific constituent group or if it was a more general definition. The Executive Director replied that she is working on a framework for that, which would be presented to the full Commission in the near future.

Commissioner Paulsen asked what can be done short of legislation and the Executive Director responded that there are a variety of things that can be set in motion. The education sessions had brought her to the realization that the first order of business should be to make sure people are making the best use of their benefits. Commissioner Davis noted that change is difficult for most people, and that she believes an incentive may be necessary to change member behavior. The Executive Director responded that targeted outreach may be effective in that respect.

Commissioner McAnneny expressed interest in joining the task force.

Commissioner Kleckner asked how the task force relates to the decisions the Commission is making regarding the GIC's new plan vendors, and if the task force is serving as a steering committee for those kinds of recommendations. The Executive Director responded that it was not exactly that, as there is a procurement currently under way. She stated that the related question with regard to the procurement is whether the GIC is making affordable options available to our members.

Commissioner Davis added that she believed in managing expectations, and stated that since the timing of the procurement is not directly aligned with the task force's decisions about the definition of affordability, communication to members might be disjointed if the options provided to members do not fulfill that definition. The Executive Director responded that she understood Commissioner Davis's concerns, and that the GIC accepts responsibility for providing these options and coordinating any implementation effectively.

III. Functional Reviews

Budget & Financial

Catherine Moore

The Budget Director reported on claim reimbursements, and pointed out that the key takeaway is that the GIC continues to track at a lower level than last year, and that the agency is tracking below budget by more than \$20 million. The majority of the surplus is in the basic life and health insurance accounts. The Chair asked if Caremark's lower numbers in October, 2017 were a reflection of the contract negotiations the GIC had had with Caremark. The Executive Director responded that they were, and that these negotiations were a good example of how the GIC is reducing costs without merely shifting costs to our members.

Medicare Advantage

Andrew Stern

General Counsel stated that this is the time of year that the Medicare Advantage plans' rates are set, and that CMS determines the bulk of the rate. The Fallon plan rate increased by \$27, while Tufts increased by \$15; some of this was a federal tax that had been suspended last year, but reinstated this year. Fallon is providing extra services without increasing their premiums; the GIC negotiated where it was able to and got premiums reduced.

Commissioner Paulsen asked how this affected out-of-pocket costs for retirees. The General Counsel responded that the only out-of-pocket change was the change in copays that the Commission voted on last year and the member's share of the premium increase.

IV. Member Survey & Engagement

Ashley Maagero Lee

The Chief of Staff gave a quick overview of the results of the member survey. She also pointed out that an appendix had been added for the Commissioners' review. The survey was conducted over a two-week period, from October 11th to October 25th. A bright spot in the survey was the response rate, which demonstrated that members wanted to engage with the GIC and provide feedback. There was moderate satisfaction with the healthcare plans, and most members preferred to stay in their health plans given the choice. The survey also showed a resistance to change despite sensitivity to cost.

The Chair asked if these results regarding change spoke to Commissioner Davis's point that members fear change, even if it can save them money. The Executive Director pointed out that members' main concern is keeping their doctor. Commissioner Davis noted that most people don't see the money coming out of their paycheck, so they may not be as sensitive to that, and that they would rather keep their doctor than take extra time to search for a new provider.

The Chief of Staff also touched on results by age, which showed that those 65 and older were the most satisfied (80%) with their health plan and the GIC overall. Communications for those under 55 provided opportunities for change.

Regarding perceptions of the GIC, a minority of members believe that the agency's plans are competitive or that the GIC acts in their best interest. The Chief of Staff added that trust is an important factor here, and that improvements in communications would aid in building that trust. Members indicated through the survey that there is no one way for the GIC to communicate, but that members would rather have a mix of options that work for them.

Commissioner McAnneny asked how 'competitive' is defined. The Chief of Staff responded that it was undefined and that this particular survey basically provided a starting point and baseline for the GIC, and that the survey was an important mechanism to get some data back quickly. She stated that the GIC will consider this point moving forward.

The Executive Director pointed out that although members say the GIC doesn't act in their best interest, they want the GIC to provide more educational opportunities regarding their plans and benefits, which is a hopeful indication that members are open to further communication.

Commissioner Paulsen asked what the role was of the liaisons in our different departments. The Chief of Staff answered that our department coordinators are one of our primary distribution channels in terms of communicating with our members. Moving forward, the GIC hopes to discover how to maximize these relationships and better define the roles and responsibilities of each coordinator, so that we can find out how we can best communicate with them.

Commissioner McAnneny asked if there was a way in which to tease that out and find out what each coordinator does, so that we can identify best practices. The Chief of Staff said that she believed there was, but that with approximately 1,000 coordinators, there was much to absorb. She did believe that there was opportunity there and that the GIC would explore this more thoroughly going forward.

The Chief of Staff discussed the upcoming public hearing and listening tour, and provided a timeline illustrating how these events would correspond to Commission meeting dates. The January Commission meeting will take place on January 18th (extended), and will be followed by the public hearings and statewide listening tour from January 19th through January 26th. Dates, times, and locations for the tour are currently under development. The goal of the GIC is to provide geographic diversity and a variety of times to suit different needs. Commissioner Tim Sullivan provided some further information about a meeting with the MTA group on December 2nd, at 10 a.m. at the Sheraton Framingham. The MTA group will include representatives from the various municipalities and from higher education.

Review results**Casey Hauch, Willis Towers Watson**

Ms. Hauch presented a brief walkthrough of the survey results.

V. Potential Future Considerations**Roberta Herman, M.D.**

The Executive Director described the three components necessary to have an impact on healthcare costs: participation, efficiency, and subsidization. The first component, participation, regards who is covered and who might not/should not be covered (e.g., a spouse who can receive coverage through other means). The bulk of what the GIC has focused on is the second component, efficiency. This concerns getting the right vendors; delivering healthcare; workforce health; engagement and consumerism; and pharmacy. The last component is subsidization, which in the GIC's case would be concerned with the contribution level of the state; an example of this could be creating and funding an HRA plan or defraying costs for low-income and at-risk individuals. The Executive Director stressed that this is not a roadmap of what the GIC has decided to do. Willis Towers Watson has given the GIC some possible considerations so that questions can be asked about capabilities during the procurement process. Jeff Levin-Scherz of WTW spoke briefly about this, and used the tobacco surcharge as an example of a way to lower costs by encouraging smokers (who cost employers and providers money) to try to quit. He also touched on pharmacy, which has had the highest increase in medical costs and which requires much attention and thought.

VI. In Closing: Out & About, Misc. Updates, Wrap-Up & Discussion**Roberta Herman, M.D.**

The Executive Director touched on some of the places the GIC has been lately, including Firefly Health, which is an innovative primary care start-up, the Massachusetts Leadership Forum, the Massachusetts Women's Political Caucus, Harvard Pilgrim Health Care, and Harvard Medical School.

Other Business**Valerie Sullivan**

The Chair motioned, and the Commissioners unanimously voted, to adjourn at 10:35 a.m.

Respectfully submitted,



Roberta Herman, M.D.,
Executive Director

Appendix A

Materials Distributed at November 16, 2017 Commission Meeting

- 1. October 19, 2017 Commission Meeting Minutes**
- 2. Commission Meeting Package, November 16, 2017**