GROUP INSURANCE COMMISSION

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

MINUTES OF THE MEETING

NUMBER: Six Hundred Thirty-Seven
DATE: February 1, 2018
TIME: 8:30 A. M.
PLACE: Massachusetts Department of Transportation Building, 10 Park Plaza, Boston, MA 02116

Members Present:

VALERIE SULLIVAN (Public Member), Chair

GARY ANDERSON, (Commissioner of Insurance)

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)

JANE EDMONDS (Retiree Member)

MELVIN A. KLECKNER (Massachusetts Municipal Association)

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)

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

Members Absent

THERON R. BRADLEY (Public Member)

I. Review of Strategic Procurement Goals

The Chair informed the Commissioners and GIC staff that a request had been made for the meeting to be videotaped in addition to being audiotaped. The Chair asked if there was any opposition; there was none and she received consent from both Commissioners and staff to do so.

The Chair stated the Commission had expressed its concern for what it had been hearing in the public about the high cost of health care. This meeting was an opportunity to continue that dialogue and to make some decisions so that the GIC can have a successful open enrollment beginning April 1st. The Chair then introduced the Executive Director.

The Executive Director stated that this Commission meeting would be a little different from the usual agenda. She stated that there would be a brief review of the strategic procurement goals, her Senate testimony from the hearing the previous day and public hearing feedback. She then anticipated that there would be a motion to reconsider the vote from the January 18th Commission meeting that limited the number of insurance carriers the GIC would offer. She stated that if the reconsideration passes, the Commission would then proceed to a discussion of options. The staff will present their thinking about the available options and the pros and cons of each. The Commission would then be asked to make a decision to ensure that the GIC's 430,000+ members all have coverage on July 1, 2018.

The Executive Director explained that the Commission also needed to vote on a consulting contract amendment. Finally, the Executive Director also planned to distribute some potential plan design materials, and announced that an additional Commission meeting was being planned for either February 5th or February 6th. She would conclude the meeting with next steps. She asked if there were any housekeeping issues that needed to be addressed; there were none.

The Chief of Staff introduced and welcomed two new GIC staff members who had recently joined the leadership team. Mike Berry, the GIC's new Director of Legislative Affairs, most recently was the Head of Legislative Affairs at the Massachusetts Department of Transportation and had prior to that run for office himself. In addition, Mike worked as Chief of Staff for the

Mayor of Marlborough, in addition to many other previous roles he held at the local level in his hometown of Walpole. Linnea Walsh, the GIC's new Communications Director, was most recently the interim Executive Director of the Massachusetts Women's Political Caucus and prior to that was a PR Director at a well-regarded firm in Boston.

The Executive Director began her review of the procurements strategic goals. The GIC has a legislative mandate and commitment to take care of its 436,000 member population. She stated that the GIC's current portfolio of products for its members provided a patchwork of solutions, with a combination of both carved in and carved out benefits and variable funding arrangements. This complexity of benefits and funding types creates some strategic hurdles. It gives the GIC limited transparency into what is happening with its members. It also compromises our sight lines into current trends. Due to this structure, the GIC spends a disproportionate amount of effort reconciling the differences among the various plans that would be better spent making sure they are optimally managed and understanding what is driving any gaps in quality or cost. Through the procurement process, the GIC has learned more about the magnitude of some of these issues.

In addition to 6 carriers in the commercial space and 5 carriers for Medicare for Pool 1 members, the GIC contracts with 6 carriers for Pool 2 members. As a reminder, the vast majority of GIC members are in Pool 1; Pool 2 is a relatively small (10,000 members) group that the GIC is legislatively required to pool separately and fully insure. It consists of a small number of elderly government retirees and mostly retired municipal teachers.

The GIC has been envisioning its future state since last July and in the procurements had focused on what could be accomplished in one step. What the GIC is aiming for is creating meaningful choice, by which we mean a more diverse set of product options, rather than simply a large number of carriers. The GIC also wants sustainability for its members and for the state; to be innovative as well as conserving those strategies which work well; to be results and data driven; and to be simpler, because it is easier for members and consumers to make informed choices if they are presented to them in a way that is consumable. As of the last Commission meeting on January 18th, the GIC had already made a decision to carve out (and consolidate) pharmacy, meaning the GIC, rather than carriers, will hold the PBM contract(s) directly for members; Express Scripts (ESI) will serve our commercial members, and CVSCaremark's SIlverScripts product will serve our Medicare members. This consolidation strategy is projected to avert $500 million or more in pharmacy spending over three years.

In contrast to pharmacy, the Commission also agreed with recommendations to have behavioral health uniformly carved in, meaning that the medical carriers would integrate the behavioral health benefit with medical.

Lastly, the Executive Director explained that the January 18 recommendation to contract with 3 commercial carriers, 2 carriers for Medicare, and 1 carrier for Pool 2 was not solely based on the desire for cost savings, but was the result of a very rigorous review and presentation from Willis Towers Watson (WTW) in which the GIC selected from a very talented set of carriers. She emphasized that none of this was about disparaging carriers. The Executive Director stated that the GIC had an excellent, highly competitive bid process. It contained all the incumbents as well as some new carriers at the table, which was not the case five years ago, the last time the GIC was required to go out to bid. The GIC is required to go out to bid precisely so that the agency regularly takes a good, hard look at who is at the table, asks them to earn their place there again and also invite fresh candidates and fresh ideas into the mix.

The Executive Director reviewed her Senate hearing testimony. She began by thanking the Senate and acknowledging GIC's and her own personal accountability for recent events. She also gave a brief description of her personal journey that shaped her approach to health care and public service. She spoke about what the GIC was and why she wanted to be a part of it. She recounted the goals embraced by the Commission, which were: 1. To provide access to affordable, high-quality benefit options for employees, retirees, and dependents; 2. To limit the financial liability to the state and others of fulfilling these benefit obligations to sustain the growth rates; 3. Use the GIC's leverage to innovate and otherwise favorably influence the Massachusetts health care market; and 4. Involve business and operational environment of the GIC to better meet business demands and security standards. She noted that when she started her tenure at the GIC, she recognized that the agency would be facing times when it was difficult to solve for all these goals completely or easily, and that these goals were therefore in a very deliberate order, with the first goal (serving members) always being the most important. While she acknowledged that these were a lofty set of goals, she stated that she enjoyed tackling big, important challenges. She talked about the GIC, who they are, the challenges the agency faced, and the procurement process. She said that she was open about the GIC needing process improvements, and that the agency's communication channels need to be more robust. The Executive Director also aimed to improve relationships with our members and populations; she believed that great progress had been made, but that the agency could also do better. She emphasized the need to move forward together. She told the Senate that although she recognized that the agency did not meet all the expectations of our members and the legislature and others, her testimony is an opportunity to begin a fresh discussion regarding the

goals of the GIC, its mandate, the processes that support and surround it, and its proper place in the health insurance marketplace.

The Executive Director pointed out to the Commission that the best t way to start that change process was with the short-term decision before them today.

II. Public Hearing Feedback

The Executive Director next moved to the public hearing feedback. She said that the GIC had been crisscrossing the state, and that she felt it was very important to share with the Commission what the GIC had been hearing. The concern that had been heard most was that members feel that they can no longer afford rising health care costs, and that costs keep rising faster than wages. Those who are not actively employed and on fixed incomes are feel an even bigger pinch. Retirees not eligible for Medicare are in a particularly vulnerable position.

The Chair added that she had been at four of the hearings and that it was heartbreaking to hear people talk about the challenges they were facing, with rising premiums, deductibles, and copays. The Chair echoed that those on fixed incomes were being strangled by these costs.

Commissioner Choate said that he had attended the Worcester public hearing, and felt that the GIC faced a challenge to continually improve communication with beneficiaries and ancillary stakeholders.

The Executive Director stated that members feel that any erosion of their benefits is a breach of the promise that was made to them when they went into state service. She also heard a lot of concern regarding whether pre-existing conditions would still be covered [demonstrating a significant level of misunderstanding about health benefits]. She felt that the atmosphere was one of insecurity and confusion.

The Executive Director also heard a great deal of fear that changing carriers would mean disruption to their doctor and hospital relationships. This is a largely held belief that would be very difficult to overcome in the short term. She also said there was confusion among terms such as carrier, network, and products; part of the job of the GIC is to simplify these terms and help members to understand so that they can make more informed choices.

Commissioner Gentile asked if it would it be worth answering some of these questions as we go through in order to get that communication out. The Executive Director agreed and replied that that was a major agenda item in itself. She referenced the migration strategy for members presented at the previous Commission meeting, and stated that there was a suitable 'home' for each member that needs to change carriers. She noted also that the GIC conducts a more in-

depth disruption analysis when a decision is made regarding a change in carriers, and on any area that might require additional attention. She stated that this was an example of something that was not well-understood. She also added that UniCare broad products cover every doctor and hospital in the state and that, depending upon the type of plan a member has, they could have coverage throughout the country and the world. There are several levels of product within that one carrier.

The Executive Director referenced a presentation slide that provided a snapshot of the current carriers in the Decision Guide, and said that it was already true today, when comparing like products to like products, that member could get comparable benefits with a lower-cost product by changing carriers. She also mentioned that there were a number of testimonials from members about what they believed various health plans covered and what other plans didn't cover, which she felt actually supported an argument for having a smaller number of carriers. What the GIC wants is benefit consistency with product differentiation, which has been a challenge with the current carrier configuration.

The Executive Director noted that members testified that $22 million didn't seem like a large savings given the major changes that would be made. The Executive Director emphasized that $22 million is never a small amount of money, and she stated that the potential marginal impact involved things that were very important to our members. .She pointed out that while $22 million might seem small compared to the state budget or the GIC appropriation, if this savings was applied across the impacted membership, it could save them hundreds of dollars a year; all members have decried the $100 pharmacy deductible and seniors told the GIC last year that even five dollars was a lot of money for them. The Executive Director stated that it, therefore, continues to be the GIC's obligation to continue to find better solutions for members in any scenario or configuration with which it ultimately proceeds

Commissioner Clinard mentioned that she was at the Lowell hearing and she was under the impression that people believed that those savings were going back to the state, and that there was a lack of understanding that this money would be applied against an increase in out-of-pocket costs. Members also testified that they would rather pay more per month to could keep their current plan.

The Executive Director agreed. It was very hard to communicate [during the hearing process] how these marginal savings could impact product design; for example, how the GIC could respond to what it's been hearing about the high third tier specialty copay.
Other feedback regarded the attendance of the Commissioners; many were disappointed that there were not as many Commissioners and public officials in attendance as they would have

liked. Commissioner Sullivan stated that the hearing times were not optimal for them and precluded them from attending. He felt strongly that this issue must be addressed in the future, and that times should be expanded to include weeknights and Saturdays.

Commissioner Kaplan commented that the size of the venues was too small, resulting in hundreds of people being turned away at both the Hurley building in Boston and in Lowell. She stated that this was very concerning to the Commissioners, as it was very important for their constituents to have the opportunity to comment and to speak at the hearings. She also emphasized that the GIC was not currently accepting written comments and that this must be changed as well. Commissioner Sullivan expressed that he had reviewed meeting minutes and had asked this past July that written comments be collected for those who are unable to attend. The Chief of Staff responded that with the exception of Worchester, she believed that written comments had been collected at every hearing, and asked General Counsel if this was correct, which he confirmed. Commissioner Sullivan asked that the GIC give an assurance that members have the opportunity to submit written comments whether they were present at the hearings or not. The Chair added that it was acknowledged that there needed to be a better process in this respect, that it would be worked on, and that she appreciated all the input she had received from the Commissioners.

The Executive Director noted that there was a perception that the procurement decision had been made in a midnight vote and that it had taken place in secrecy. It appeared the distribution of the meeting materials the day before the Commission meeting vote underlay this perception. The Executive Director stated that, although she understood this perception, it wasn't a proper representation of how the GIC had proceeded.

The Executive Director also mentioned that there was a common belief that nonprofit plans are higher value, which is not necessarily accurate. Another concern expressed at the public hearings was that members who lived on the border of Massachusetts and saw doctors in different states might not be covered. West of Worcester, on Cape Cod, and in more rural areas, there was a lack of specialists as well as hospitals and behavioral health services. The Executive Director indicated that this was a general problem in the health care market, and not a result of our choice of particular carriers. Lastly, members felt that they heard the carrier decision too late, not from the GIC, and in a way that was unclear. The Executive Director commented that, as the Commission was aware, the GIC moved very abruptly from a procurement process, which is required to be kept closely held amongst those in the agency until an actual vote is taken, to the actual Commission vote. This seems to underscore an inherent conflict between the requirements of procurement versus open meeting law.

The Chair added that at each of the four meetings that she attended, she heard from members that if changes were made, the GIC needed to help members with the process, and the Chair stated that this underscores the need for a very strong communications platform for every rollout, not just this particular one. She continued that health care is personal, emotional, and necessary, and that people need to be engaged and the GIC needs to do a better job of that. She mentioned that although the GIC had more work to do, the agency had increased its public hearings from one last year to ten this year throughout the Commonwealth and the Chair thanked the agency for doing so.

The Executive Director reviewed the January 18th vote. She stated that the vote had confirmed the staff's recommendation of Neighborhood Health Plan, UniCare, and Health New England to provide medical and behavioral benefits for its commercial, non-Medicare members. Tufts and UniCare were selected as Medicare Supplement carriers, and UniCare was the confirmed selected carrier for Pool 2 members.

The Chair stated that there had been a great deal of discussion today and over the last two weeks about this vote. The Commission had accepted these recommendations with the caveat that no member would lose their doctor or their hospital at its last meeting. She asked the Commission for their thoughts, based on the events of the last two weeks and the debate, discussions, and feedback at the public hearings.

Commissioner Kleckner stated he supported reconsideration of the prior vendor selection vote. He concluded that the GIC's process was flawed and that the agency must respond appropriately. He stated that when the Governor, Attorney General, and the Speaker of the House had concerns about the process, and when the GIC's brave Executive Director was called to sit before the Senate and speak, the Commission must recognize that the agency needs to improve, beginning today. That said, Commissioner Kleckner continued that the Commissioners knew for many months from attending and listening to Commission meetings that there was a likely possibility of consolidation as a result of the procurement process. He added that the fact that two years ago the GIC froze new membership into the higher-priced plans should have been a clear signal that those plans were going to be unsustainable in the long term. He said that he had told people asking where the GIC was headed that planned consolidation was a possibility and that there would be changes to the GIC plans, but in his opinion the agency had failed to effectively communicate these changes and so the GIC must reconsider. He continued that the Commission cannot ask its customers to just trust it when it says that members will not lose their physicians and hospital relationships when changing plans; the GIC must prove it. He also added that the GIC cannot leave important plan design and pricing details until later and we cannot substitute listening sessions for public hearings that educate and take valuable public comment before requiring this Commission to vote.

Commissioner Kleckner said that it was his hope that some of the cost-saving features of the recommended change can survive if the GIC retains its existing plan vendors, including the self-insurance, the behavioral health carve-in and the prescription carve-out, and a telehealth option. He hoped that those plans that were excluded from the earlier vote will understand how seriously the GIC takes its responsibility to ensure affordable public benefits and to avoid the continual and sometimes easy decision to merely increase copayments and deductibles to the GIC members. Commissioner Kleckner then moved for reconsideration of the GIC's prior vote to adopt consolidation and Secretary Heffernan seconded.

Commissioner McAnneny commented that she also supported the move for reconsideration of the vote, but felt it was very important to keep in mind the GIC's goal of getting the most out of the money it was spending, including getting some of the benefits of being the largest purchaser in the Commonwealth and in New England. She emphasized that the GIC should not lose sight of that. She said that the GIC had made progress towards its strategic goals over several months, and that the process has been transparent, for which she wanted to commend the GIC staff. She said that perhaps there had been too much change too quickly, and that people absolutely need more time to digest what this means. She said she liked the Executive Director's characterization that while this may not be a home run, it will be acknowledged that it would be at least a double or a triple, and we should not lose sight of that.

Commissioner Sullivan commented that he recently attended a meeting the previous Tuesday of the Boston Teachers Union, and heard heart wrenching stories. The biggest concern that the union members expressed was the severing of their relationship with their carrier. He agreed that as the GIC moves forward, changes need to be made, but he wanted to discuss the process and how it can be better going forward. He stated that there were three things that were most important to the members he represents: What carrier the GIC will be using; what plan designs the carriers will be offering; and what rates members will have to pay for each separate plan. He stated that from a member's perspective, these three things are intertwined; a great plan that is unaffordable will not work and an inexpensive plan with high copays and deductibles will similarly not work. He said that as Commissioners they are receiving information around this whole process in a piecemeal fashion, and that in some respects he felt that this process is disorganized. He continued that the Commissioners need to take a look at when the final decisions have to be made in order to effectively communicate to plan participants in time for annual enrollment decisions. He stated that he hoped going forward, the GIC could commit to a better process next year, in which a realistic decision-making calendar is set up, and that timely information about carrier and plan design choices are given to the Commissioners so that they can communicate those decisions to the GIC members in a timely fashion. He continued that communication has been improved under the current administration in terms of

getting information ahead of time, but regarding something as important as the votes that were recently taken, he should not be receiving this information at 5:30 p.m. via e-mail the night before that vote is being taken. He stated that this provided him no opportunity whatsoever to communicate with the leadership of the MTA (Massachusetts Teachers Union) and hold discussions on that vote. Commissioner Sullivan believed that on something this important, even a week ahead is not enough, and that the information should be received two to four weeks ahead so that the Commissioners can communicate to their constituents so that the Commission can make an informed vote based upon what the members wish and deserve. Commissioner Sullivan also commented on the way in which the Commission meetings are being run. He stated that on other boards in which he has served, those boards operate under Robert's Rules of Order, which is not the case for the GIC. He continued that there has been a great deal of confusion at the last meeting regarding motions and amendments to motions, and that the GIC needs to avoid that in the future. He suggested that perhaps the agency needed training on the operation of meetings so that there is a smooth process. He also stated that it is clear that the Commissioners need to communicate more with their constituents, and that this communication can only occur when the Commissioners have the information they need in a timely manner.

The Chair stated that this was well-said by Commissioner Sullivan, and that she would like to ensure that the Commission thinks about whether the timing is sufficient for the Commissioners to have the information they need. She also pointed out that the procurement process is governed by the state and that the GIC's procurement process is no different than any other procurement governed by state laws and regulations. The GIC cannot violate those state regulations, but that the Commission could provide some more time for thoughtful consideration and that the Commission will take note of recommendations for a better process. The Chair stated that, like many others, she felt discomfort with the important decision the GIC was making, but also with the time frame for open enrollment.

The Executive Director stated that she agreed with much of what had been said, and that she wanted to make sure that the Commissioners understood the fundamental conflict between the procurement regulations and what it is that the Commissioners felt they needed to do in order to properly represent their constituents. She added that the GIC had to find a different way to do this, as the procurement regulations dictate that information should not be shared externally until a decision has been made at the Commission, and that this creates a bind and does not allow for the kind of preparation requested by some Commissioners. The Executive Director stated that she is aware that this is a problem, but that there is not yet a solution. She explained that this happens only in a procurement year; most years have a two-step process, deciding benefits and rates. In a procurement year, there is a three-step process, with the first

step being the formal procurement with the vendor. She also wanted to be careful establishing expectations about communication, and stated that there is an inadequate communication infrastructure that the GIC is working with, which is still a problem today including a lack of email address for the bulk of the membership. The Chair agreed that this is a problem that the GIC needs to solve. The Executive Director stated that she was trying to be candid and that this was not about strategy or intention, but rather about the reality of the GIC's present infrastructure.

Commissioner Edmonds asked how the GIC would make sure that members, particularly the retiree population, would get information related to a reconsideration vote and whether the carriers would then have the time needed to prepare for reconsideration before open enrollment.

The Chief of Staff responded that the communication issues of the GIC were well-stated by the Executive Director, and that regarding communication, the GIC needed to leverage the Commissioners' contacts to reach as many members and other stakeholders as possible. She also pointed out that this would be a process and that these communication issues would not be solved overnight; the GIC needs the help and input of all of the Commissioners to improve. The Executive Director added that, with regard to partnership, the GIC should not forget about its health plan carriers; once the carriers are selected, they will provide channels to our members as well.

The Chair stated that there was a motion to reconsider the vote on the table. She asked if there was any further comment before the Commission voted. General Counsel stated that he wanted to make sure that all Commissioners had an understanding of the reconsideration process. He explained that if the motion for reconsideration was passed, it would bring back the January 18 motion that had been passed for debate, so there will need to be further discussion about that motion and whether to pass it again. The Chair asked if they then take a vote on another motion, or if the GIC had other options.

The Executive Director explained that if motion to reconsider is defeated, the GIC will find itself back where it was on January 18th, and would then ask the Commission for permission to proceed with its recommendation.

The Chair stated that she was torn. She said that on the one hand, the prior motion would save GIC members and constituents money and provided a solution to what needed to be fixed. On the other hand, she stated that she had been to half of the public hearings and she heard from about one thousand people the challenge they had with trusting the GIC's process. She

emphasized the fact that the GIC needs trust and constituent support in order to continue to offer affordable, high-quality health care. She added that this is a challenge that is not only happening in the state, but across the country.

The Commission then voted on the motion to reconsider the vote from January 18th. The motion passed with 12 votes in favor and with Commissioners Davis and the Chair opposed. The Chair explained that her opposition was due to the concern she had about cost and knowing that the consolidation plan would save money. The Chair then expressed that the Commission needed help understanding what the options were, and would hopefully reach a decision during this meeting.

III. Discussion of options in the event of an affirmative reconsideration vote

The Executive Director directed the commission to presentation slide 11, the "Comparison of Option A and B." The Executive Director stated that this was not a complete depiction, but would provide the attributes of each scenario. She explained that Option A was what was voted for at the January 18th meeting, and that Option B (which conserves the current carriers as well as the structure of the procurement process) was offered as the only other realistic option due to contracts running out in June. In comparing some of the main attributes only, she stated that presently pharmacy was a mix of carve-in and carve-out. Option A would save approximately $500 million over a three-year period, with preliminary cost avoidance in the coming year of $91 million. Regarding behavioral health, the current state is a mix of carve-in and carve-out; Option A carved behavioral health in to medical carriers. For medical plan funding arrangements, the current state is that some plans are ASO and some are fully insured; Option A would have all self-insured plans, which would provide a cost avoidance of $35 million. With regard to medical carrier consolidation, the current state has six non-Medicare carriers and five Medicare carriers; Option A has three non- Medicare and two Medicare carriers, with a cost avoidance of approximately $21 million. Regarding the administrative implications, the Executive Director wanted to clarify that the term 'administrative' does not properly convey its full meaning; it provides visibility into what is going on with our membership and allows us to develop effective strategies. With regard to rationalizing product portfolio, the idea is to make very clear the differences between various plans and to avoid having numerous carriers with the same products.

The Executive Director wanted to be clear that everyone understood that Option A was the recommendation that was voted on at the last meeting on January 18th. She also wanted to illustrate through the table presented that none of the options is perfect, and that if the GIC proceeds with Option A, it would create a fair amount of perceived disruption and would

provide some communication challenges. She added that Option B is not perfect either but it retains the pharmacy carrier that has already been selected; that behavioral health is carved in; and that the products are self-insured. Those three features are what the GIC had been calling the 'architecture of the bid', and it is the way in which the GIC would like to change the structure of its contracts moving forward. The Executive Director expressed that she felt it would be a shame to lose that, in her view.

The GIC's initial distribution to the Commission indicated a proposal with 7 commercial carriers and 4 Medicare carriers. The Executive Director said that in the interim, she had had discussions with United HealthCare, who had been very gracious, and decided to withdraw leaving the GIC with 6 commercial carriers. The Executive Director stated that as a practical matter, if Option B were adopted, the incumbents that were not actively disqualified would be able to be reincorporated into the process with the following exceptions: At present, Fallon Health is unable to carry out data exchange and outsource pharmacy for the Medicare population. For this reason, approximately 500 members would instead need to elect a product with UniCare or Tufts. Although this would be a change, it would cause no network disruption and the new product may even be less expensive than Fallon's. The GIC is unable to give Fallon a longer time window to meet the agency's needs because it would jeopardize the implementation for our 100,000 other members. Another issue is that only one carrier, UniCare, bid on the Pool 2 population, which comprises about 10,000 members and which the GIC is legislatively required to manage separately. This group includes governmental retirees and retired municipal teachers. Although the only carrier option is UniCare, the GIC has been in touch with UniCare and they have offered to provide at least 2 and potentially 3 products, so that members would have less expensive options than Basic. The GIC will work during implementation to shield Pool 2 members from rate shock; the full information will become available when pricing is completed.

Commissioner Choate asked, in relation to the earlier behavioral health discussion, what the term 'chassis' means. The Executive Director responded that it means that the GIC is going to hold to the decision the agency made to have each of the carriers integrate the behavioral health benefit instead of holding a separate relationship. The Chair asked if that means that member access will be improved, because she had heard that mentioned at several public meetings. The Executive Director answered that the GIC would certainly use this as an opportunity to address that, and that behavioral health provider access has been an ongoing challenge. The responsibility would be placed on the shoulders of the carriers to do a better job with network, integration, and member experience.

Commissioner Kleckner stated that Option B seemed to be a reasonable approach, but wanted to know to what extent the GIC had the ability to continue to negotiate with carriers, particularly those that were excluded from the last vote and could be brought back under Option B. He particularly wanted to know about the carriers in which the Commission in the past had voted to freeze membership, and if this would provide any leverage for negotiations and more reasonable proposals around administrative costs and other factors that drove the idea of consolidation in the first place.

General Counsel explained that Option B, depending on how the vote is structured, revives all the finalists who can put up a plan that meets the GIC's technical requirements and also preserves the procurement architecture. The pricing that the plans provided in the procurement assumed that they would be starting with a level playing field. General Counsel felt that allowing carriers back in and then freezing them as a condition for coming back in would show bad faith and could lead to potential litigation. This does not prevent the Commission from refreezing those plans if the performance expectations are not being met. The Executive Director added that it also did not prevent the carriers from coming back to the table with a more attractive offer.

Commissioner Choate stated a good deal could be done around plan design as long as it is within the context of the procurement, in terms of what the products look like and what the flexibility is. He suggested that during the negotiation process, the GIC should focus its continuing activity to bring costs down while preserving the physician and hospital relationships. Commissioner Choate also had a question regarding Fallon Health and the 500 members for whom pharmacy would not be carved out. The Executive Director explained that pharmacy must be either carved in or carved out in order to execute that set of relationships with ESI and follow proper procedure with respect to CMS. The implication would be that 500 Medicare members who are currently with Fallon would have to be relocated to another product, and the products that would be available to them would be UniCare and Tufts. General Counsel clarified that Fallon is a Medicare Advantage Plan, as is Tufts, and that these are the only two Medicare Advantage Plans. Option B would bring back some of the other Medicare carriers, so that members would have a choice of a number of Medicare Supplement Plans as well as the Tufts Advantage Plan. Commissioner Choate asked who the Pool 2 carriers were. General Counsel responded that currently in Pool 2 there are plans by UniCare, Fallon, Harvard Pilgrim, HNE, NHP, and Tufts. He explained that because Pool 2 was a very small group with very bad risk, it is therefore not an attractive fully-insured option. Of that whole pool, over 8,530 members are in UniCare. There are only 209 in Fallon, 390 in HNE, 187 in the Harvard plan, 30 in NHP, and 139 in Tufts. There are 955 members in the plans that were not bid, and 8,530 members in UniCare, the plan that was bid.

Secretary Heffernan asked if the Commission could assume that for the approximate thousand or so people in the other current plans, UniCare will be at least as good a network as well as at least as good on price in comparison with those other plans that did not bid. General Counsel replied that there was not a network issue. He explained that for a few plans, there will be a price shock, because the plans were low-cost HMOs that were being cross subsidized with other membership by the carriers. The GIC has talked to UniCare about the problem and is attempting to get less expensive products in that space by July 1st.

Commissioner Davis explained why she voted against a re-vote and wanted to retain Option A. She explained that in looking at the presentation charts, the GIC would be keeping a larger number of carriers, but at a cost. There would be a savings not only in administrative services but also to each of our members. She stated that it is very confusing, because the GIC does not have the plans yet, and that the Commission is not voting on plans; it is voting on carriers. She explained that as a member, she would want the best plans at the lowest costs and the ability to maintain her doctors and hospitals. Option A, she stated, maintains those three things. She explained members may be hesitant to change carriers, but that in doing so, they would be getting a better, cheaper plan without the loss of their providers. She believed that the GIC had not done a good enough job of communicating to its members and constituents that the change is between carriers, not plans. Option A, she said, guarantees that the plans will cost less money; with Option B, administrative costs will rise again. Commissioner Davis stated that GIC members are not getting the best member benefits if the GIC keeps the prior configuration. She felt that there was a lot of emotion wrapped up in the process and that reactions happened before all of the information was available. She also added that the way in which the procurement process is set up is confusing to members and doesn't allow for members or the Commissioners to see the plans beforehand when they select carriers. Commissioner Davis stated that the trust factor is critical, and that this trust has been impacted by the way in which the procurement process works. While she understood that the procurement and trust issue is beyond the Commission's control, she also felt that the communication of these processes was not effective. She concluded by stating that if the GIC can guarantee lower costs, have the ability to keep members' doctors and hospitals, and provide enough product options for members, she felt that Option A was the best way to proceed.

Commissioner Thompson stated that she had requested disruption report information, and that until she saw this analysis, she could not support or move forward with Option A.

Commissioner Kaplan asked whether the Commission was required to adhere to the three-step process, that being that the carriers are decided first, then the plan design, and lastly, the rates.

The Executive Director responded that the procurement pertains to the carrier piece, and that this brings the GIC to the bind that the Commission finds itself in. The three-step process was, as Commissioner Kaplan had stated, vendor selection, then product development, and finally pricing. She stated that ideally, the GIC would be communicating information to the public later in the process (when product and rate information was known). She also stated that modeling every possible permutation would be an impossible exercise, and that the GIC needs to know who it will be contracting with first, and then the GIC can go on to model detail on the other parts of the process. The Executive Director proposed that Jeff Levin-Scherz of Willis Towers Watson speak regarding what the GIC does and does not yet know at this point regarding the network and disruption. The Chair agreed, but asked that Commissioner Drake pose his question first.

Commissioner Drake asked for an explanation of the differences between the status quo and Option B as it applies to current employees. The Executive Director asked if his question was the about the number of people who would not be able to keep their current carrier. He responded that his concern was centered around providers. The Executive Director answered that this was the same issue we had been referring to as "network disruption" and that the GIC would do the very best it could to have members keep their providers.

The Chair asked, from the number of carriers on the commercial side, which would be in the commercial carriers for Option B versus the current state. Jeff Levin-Scherz and others echoed that it was the same. The Chair clarified that the answer to the question is that all of the current carriers would be included in Option B, (except as noted for Fallon Senior Care and Pool2.)

The Executive Director stated that she felt it was necessary to make certain that things were clearly understood. She drew attention to presentation slide 10, and stated that Option B could be summarized as including all carriers. She also emphasized that she would prefer to use the terms 'carrier' and 'product' rather than 'plan', as the term 'plan' was ambiguous. The Executive Director then turned further explanation over to Jeff Levin-Scherz, consultant from WTW.

Dr. Levin-Scherz was asked to focus on the disruption analysis and he mentioned that he appreciated that Commissioner Thompson was very interested in this information. He explained that, as part of the procurement, WTW sent claims files, both medical and behavioral health, to bidders and asked them which providers were not in their network. The GIC

recognized that there would be a significant disruption if they were to contract with a carrier that had geographical limitations on providers. Dr. Levin-Scherz echoed what the Executive Director had said about not being able to take into account every single permutation, but what WTW did find was that there would be a relatively low level of disruption with Option A, especially since an indemnity plan (UniCare) was included among the non-Medicare carriers. The indemnity plan covers all of the physicians and hospitals in Massachusetts. Dr. Levin-Scherz also mentioned that sometimes certain doctors will opt out of, or change networks or not take a particular insurance, and that may account for some disruption, but that this is a factor over which the GIC has no control. He also commented on the difficulty of finding behavioral health providers that are in many or even any networks, but he underscored that this was a problem throughout the Commonwealth and not unique to the GIC, and that access to behavioral specialists in this model would be no worse than it had been in the past. Dr. Levin-Scherz attended one public hearing, and he came away with the impression that people do sometimes think that access to a plan is equivalent to access to doctors and hospitals. He explained that the reason to have a disruption analysis is to be sure that excluding a plan will not leave people in a position in which they could not see doctors that they used to see. He explained that there should be very little disruption with Option A, and that with Option B, since all of the carriers will be included, there should be little or no disruption whatsoever.

The Chair summarized Dr. Levin-Scherz's presentation, stating that it was her understanding that there would be no disruption in doctors and hospitals, and that the GIC had the buying power to tell UniCare that they must include certain providers for Pool 2 members. General Counsel added that UniCare already includes all doctors in Massachusetts; he stated that the only issue regarding Pool 2 is that they only had one bidder. The Executive Director echoed this, saying that the issue that the GIC had no control over is who showed up to bid.

The Chair asked Commissioner Drake if his question regarding disruption was answered, and he said it was.

Secretary Heffernan commended the Executive Director for her very constructive meetings with various stakeholders. He said that he was present when she testified before the Senate, and that she showed grace and humility, and that he felt that not only was the GIC lucky to have her, but also the Commonwealth as a whole. Regarding the savings in Option A, he said that having been through many meetings with stakeholders, he did support Option A in the last vote, and he mentioned that while there is a cost to Option A, there is also a great value to our members' health insurance security. He stated that Option B appeared to be the most practical option, that the GIC needed to be a better partner in the administration, and that the number one priority is access to quality health care. He felt that Option B would be the best choice,

given that there would be no disruption to members, and that even a small amount of disruption would be important and significant.

Commissioner Kaplan asked about disruption regarding tiering; in other words, although members will be able to keep their doctors, would some of the providers jump from Tier 1 to Tier 2, or from Tier 2 to Tier 3? She noted that this would involve costs to our members. Dr. Levin-Scherz said it was a good question, but that it cannot absolutely be known; realistically, there should be some similarity of tiering because tiering is based on quality and cost and doctors do not have a difference in quality from one health plan to another and their cost is often related. He also said that a disruption analysis for this was difficult given the size of the database.

Commissioner Sullivan asked, being mindful of the impact that the vote can have on municipal unions that are not members of the GIC because their benefits are paid by the GIC benchmark, if any action taken during the meeting could constitute a change in the benchmark. General Counsel answered that the benchmark is based on the GIC's largest-subscribed group, and the GIC currently does not know what that will be. The concerns of the benchmark are based on plan design and that is controlled by the Commissioners' votes. He emphasized that the GIC had not discussed plan design yet, and so this vote will not impact the benchmark, because whichever plan becomes the largest-subscribed plan, it is the plan design that is most important.

The Executive Director replied that she could make more of a commitment to them. The GIC had gone on record saying that its goal is to keep cost growth at less than 2%, and she knew that the GIC had been asked to look at things like out-of-pocket costs. She said she did not expect wholesale changes in the product design; the GIC was looking at a minimum of staying where it is in terms of out-of-pocket expense or looking to do a bit better.

The Chair stated that she wanted to make sure that all the Commissioners are heard from, but that the meeting is bumping up against its time frame and that open enrollment was in the near future. The Chair asked if there was a motion, or if there were any additional questions or comments.

Commissioner Clinard commented that she voted for Option A at the January 18th meeting, and that she still thinks Option A is best. She voted to reconsider because she wanted to hear about Option B. Having heard both options, she felt that Option A was the best choice because it accomplishes what the Commission is trying to do, which is to provide high-quality, affordable health care. Commissioner Clinard stated that she felt the process was very flawed and caused

a very emotional response. She concluded that Option A substantively was the best way to go for everyone.

The Chair commented that she voted against the reconsideration because she believed that Option A was the best value for GIC members, from a cost perspective and from affordability and access. She stated that the GIC has to build trust with its constituents and that it has to start now. She said that the GIC heard loud and clear at the public hearings that if the agency can restore to the best of its ability the carriers that members trust and immediately start building a two-way relationship between the Commission and the members, the GIC would be on path to doing what the Executive Director is trying to do with health care, which the Chair felt was noble and courageous and the right thing to do. The Chair concluded that she was in support of Option B, and she said she needed a motion.

General Counsel explained that in framing a motion, there were a couple of ways to approach it, and that the vote currently on the table was Option A. Another motion would have to be made to do something else, or one could offer a motion to substitute something else for a vote. The Chair asked if the Commission could vote for Option B as a new option. General Counsel responded that they could not; they would have to substitute that. Commissioner Edmonds moved to substitute Option B for Option A for all of the reasons that the Chair had given and also based upon Secretary Heffernan's comments. Commissioner Thompson seconded the motion to substitute.

General Counsel noted that if the Commission voted against the motion to substitute, that would put things back to the original motion.

Commissioner Kaplan asked if there was a way in which to reduce the high administrative burden of Option B. The Executive Director responded that the GIC will be looking at its infrastructure: people, processes, technology, and will need to make some recommendations for adjustments, both short-term and long-term. She said that she accepted that as part of the GIC's work.

IV. Decision on carriers for contracting – VOTE

The Chair asked to take a vote on the motion to substitute Option B for Option A that Commissioner Edmonds had made; the results were 12 for and 2 against with Commissioners Clinard and Davis opposing. The Chair proclaimed the motion approved. The Chair then called for a vote on the substituted motion, the procurement recommendation with Option B as the carrier slate. Commissioner Kaplan moved and Commissioner Sullivan seconded. The motion passed unanimously. The Chair proclaimed that the Commission would move forward with Option B and open enrollment. The Chair thanked the Commissioners and GIC staff for bringing this together very quickly and encouraged a continuing dialogue with carriers and staff going forward. The Chair asked if there was any other business.

[*Vote recap: 1) January 18 vote to accept the staff procurement recommendation was reconsidered, bringing the recommendation motion back for a vote. 2) Slate of carriers proposed in the recommendation (option A) was replaced with a new slate of carriers (option B). 3) The recommendation with the new slate of carriers was adopted.*]

V. Consultant contract amendment for project management and communications support for approval

General Counsel mentioned that there was an amendment to a GIC/WTW consulting contract, that with some of the constraints that the GIC was working under, there was a need for specialized communication support and for an overall project management of the complexities that will arise from this implementation. The amendment is a maximum obligation of $350,000, and General Counsel asked the Commission to authorize the Executive Director to sign that amendment. Commissioner Choate moved to approve the authorization and Commissioner Clinard seconded. The motion passed unanimously.

VI. Introduction and distribution of potential plan designs

The Executive Director also announced that the GIC had prepared 2 draft benefit design sets of materials The GIC would distribute Option B materials to be read and reviewed before the next Commission meeting, and a meeting needs to be scheduled before February 22th to discuss benefit design. The Executive Director said that availability had been split between Monday and Tuesday, and she asked the Commission to try to be flexible and that communication via e-mail would happen the next day.

The Chair adjourned the meeting at 10:35 a.m.

Respectfully submitted,

Roberta Herman, M.D.
Executive Director

Appendix A

Materials Distributed at February 1, 2018 Commission Meeting

1. **Commission Meeting Package – February 1, 2018**