

GROUP INSURANCE COMMISSION

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

MINUTES OF THE MEETING

NUMBER: Six Hundred Thirty-Eight
DATE: April 5, 2018
TIME: 8:30 AM
PLACE: Group Insurance Commission, Nancy Bolduc Conference Room,
Boston, MA 02114

Members Present:

VALERIE SULLIVAN (Public Member), Chair
GARY ANDERSON, (Commissioner of Insurance)
TAMARA P. DAVIS (Public Member)
EDWARD T. CHOATE (Public Member)
THERON R. BRADLEY (Public Member)
CHRISTINE HAYES CLINARD, ESQ. (Public Member)
JOSEPH GENTILE (AFL-CIO, Public Safety Member)
ADAM CHAPDELAINE (Town of Arlington--Massachusetts Municipal Association)
BOBBI KAPLAN (NAGE)
JANE EDMONDS (Retiree Member)
ELIZABETH DENNISTON, DESIGNEE for MICHAEL HEFFERNAN (Secretary of Administration and Finance)
MARGARET THOMPSON (Local 5000, SEIU, NAGE)
TIMOTHY D. SULLIVAN, Ed. D. (Massachusetts Teachers Association)
MEL KLECHNER (present but nonvoting)

Members Absent:

EILEEN P. MCANNENY (Public Member)

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

Vacant Seats:

Health Care Economist

MMA

I. Approval of February 1, 2018 Minutes

Chair Sullivan called the meeting to order. She asked for a motion to approve the minutes from the February 1 meeting. Commissioner Kaplan so moved, seconded by Commissioner Choate. The motion passed unanimously.

II. Director's Report

Executive Director Herman reviewed the meeting goals. The meeting agenda included a quarterly report on temporary help, a report on out-of-pocket costs, an annual enrollment update, and a high level timeline for the remainder of the year, including the cadence of Commission activities for the rest of the year. Furthermore, she said that this meeting would launch discussions on governance and Commissioner expectations. Also, the Affordability Task Force would be reset as the GIC wants to be clearer on its goals. She noted that GIC is always looking to respond to feedback from the Commission.

She shared the success in passing recent Pool 2 legislation and thanked the staff for their efforts and noted the contributions of the Governor's Office, Administration and Finance staff, and Commissioners. Chair Sullivan acknowledged the Commissioners' role is to add strategy and guidance, and agreed that credit was due all around. Executive Director Herman highlighted recent and upcoming meetings with legislators, including lawmakers Freidman, Scibek, Jones, Smolar, and Feeney.

Next, Chair Sullivan shared news of some Commissioner transitions. She welcomed Adam Chapdelaine, a new Commissioner who replaced Mayor Dolan. She described him as an experienced town manager with knowledge in benefits and benefits design. Then she announced that Commissioner Kleckner is stepping down. She noted that he has been the longest current serving member and has provided many contributions. He holds the second seat for the MMA and they are looking for a replacement. Executive Director Herman added her gratitude to him for staying on, and for his valuable contributions and hoped that he would stay in touch.

The Executive Director next spoke of GIC staff transitions. She noted that her Chief of Staff will be going on leave in the next few weeks, and is currently planning to return in August. Executive Director Herman, Andrew Stern and Travis Manzione will bridge the transition with support from Janine Hynds. She wished her Chief of Staff well and noted that she would be missed.

III. Functional Reviews

Acting Fiscal Director Catherine Moore presented budget and financial reviews which included the February claim report and April estimated premium payments. She said it was too early to report on the March claims payments. The February claim payments were roughly \$53M. For the second month in a row claims were higher than their FY17 comparators. She opined that claims had been running lower for

most of the year, but that it's not unusual for them to run higher around this time. She said that we are under budget and while the surplus decreased by \$9M, it is still around \$51M. She noted that it's too early to know how this year will turn out, but there will likely be a surplus. The Executive Director commented about how the lack of a serious flu season could be impacting financials. The Acting Fiscal Director suggested that a bump in claims in the spring may arise due to orthopedic accidents from the March storms.

Human Resources Quarterly Temporary Employment Report

The Executive Director next addressed the GIC's temporary employment, which is reported quarterly. She said that temporary employment ebbs and flows, and depends on what happens during annual enrollment. The current number of temporary employees was six.

IV. Out of Pocket Expenses (OOP)

The Acting Fiscal Director presented the out of pocket expense report, a comparison of distribution of total member out of pocket costs for FY15 – FY17. Chair Sullivan asked what is considered an out of pocket expense. The Acting Fiscal Director answered that out of pocket expenses include copays, coinsurance, and deductibles, but typically exclude balance bills. She then explained balance billing to the Commission.

The Executive Director noted that the GIC concentrates a lot on the premium, but the OOP is the amount a member spends in addition to the premium.

The Acting Fiscal Director reminded commissioners that the out-of-pocket maximum is generally \$5000 for individuals and \$10,000 for family. She referred to the report which showed the distribution of members' out-of-pocket expenses. The analysis showed that for most people, they had out of pocket expenses of \$2,300 or less. The average was \$1,045 across individual and families. However, 1,600 households had out of pocket expenses over \$5,000. She suggested the root causes for exceeding the out-of-pocket maximum are prescription drug choices (they might have purchased non-generics where generic was available) and out of network utilization.

The Acting Fiscal Director spoke about the Fiscal Year 2015, when there was a large budget deficit and the GIC appropriation was \$120M below its projection. The GIC's claims expenses ran \$70M over the amount of premium. That year, the legislature gave us a \$190M supplemental budget and the Commission voted to make benefit changes, primarily at tier 3 copays, which increased member costs considerably in FY16. That is why FY15 has a different set of out-of-pocket expenses than 2016 and 2017. She then shared the data from FY16 and FY17. In FY16 there was a 50% increase in the number of households that had more than \$5,000 in out-of-pocket expenses. FY17, it looks a lot like FY16. She hypothesized that these costs were related to provider choice.

The Executive Director asked about the proportion of households over \$10,000. The Acting Fiscal Director noted that it went up by about 50%, but from a statistical standpoint, the numbers are so small—typically 50-60 households—that the sources tend to be data anomalies and not worth attention. The Executive Director suggested future work linking those people hitting the out-of-pocket maximum to those using the FSA. The Chief of Staff asked the Acting Fiscal Director to explain the purpose of the out of pocket expense report, and what should we be paying attention to?

The Fiscal Director said that the report helps to reveal any unintended consequences of benefit changes and any unusual patterns. It helps inform what changes might be appropriate. The Executive Director added that this information could be used to identify how to educate members. She suggested there might be additional opportunities to promote programs efficiently, and when we analyze the high cost members, there may be opportunities for targeted education to families.

Commissioner Davis suggested that the GIC's health insurers could provide a year-end recap of an individual's spending and how it could've been lower. She asked if the insurers could provide such a statement to members for what they spent out of pocket, what the GIC paid, and what care happened out of network. She encouraged the GIC consider this because premiums are only a part of spending.

V. Annual Enrollment Update

The Executive Director introduced the Operations Director, Paul Murphy. He described the GIC's annual enrollment readiness and planning activities. Completed activities included a vendor kick off meeting, confirming the health fair schedule and exhibiting vendors, multichannel communications, and an assessment of vendor readiness. He recapped that 5 coordinator trainings held throughout the state and noted almost 500 coordinators attended. These trainings included presentations from vendors including from our new Pharmacy Benefit Manager vendor, Express Scripts.

Chair Sullivan asked how many of the overall coordinators attend these trainings? The Operations Director estimated about 50% attend, and the attendees tend to be the ones that deal with the active population.

The Operations Director recapped other operational and procedural work that was needed for open enrollment such as changing forms, new processes for different payroll systems, revising the GIC's website, and activation of MAGIC for enrollment. We're in the process of testing the different rates in our system to make sure the deductions are properly taken in June. Additional efforts included a robust communications plan. He said the GIC sent out 236,000+ benefits statements verifying all coverage – life insurance, health, etc, as recorded in our system and mailed benefit decision guides to retirees. He noted that Fallon senior plan members will be sent a special letter letting them know that that plan is no longer available and that the GIC sent them an enrollment form with their benefit guide.

The ANF Secretary designee, Elizabeth Denniston, asked what happens if Fallon senior members do not send back a form? The Operations Director responded that they will be defaulted into Tufts.

Discussion ensued about the best way to reach members, through email or other means, and how to connect with members who don't come to health fairs. The Chief of Staff and the Director of Enterprise Integration spoke about the GIC's efforts to reach members through many channels, and drew attention to the campaign to collect member emails. The Operations Director added that coordinators were surveyed to gather feedback on what works and where they would like to see improvement. Chair Sullivan requested that the survey results be shared with the Commission. Additional discussion ensued about reaching members throughout the Commonwealth.

VI. High level timeline for next year

The Chief of Staff proposed a high level timeline and agenda for the Commission's work over the next few months. In considering their feedback, the GIC staff proposed that the Commission meet every other month. For 2018, the staff recommends that the May meeting be canceled. The August 7 meeting would be about Procurement 101. The next set of meetings would be October, December, January, two in February, one in March, and then every other month.

Executive Director Herman polled attendance for the August 7 meeting. Most Commissioners indicated they could attend on August 7. She shared that outside experts would be coming to present to the Commission, including the Office of the Inspector General, Operational Services Division, and the Attorney General's office. The purpose of these meetings will be to gain a better understanding of Governance.

Commissioner Sullivan was concerned about going more than a month without meetings and questioned whether meetings could be conducted by phone or by electronic communications so that the commission can accomplish the business it needs to.

The General Counsel replied that the GIC can call a meeting at any time, so long as a quorum is available and there is 48 hours public notice, but cannot conduct meetings by phone or electronically as it would violate public meeting law.

Executive Director Herman said she wants to be more creative about the communications, and that this is more of a redistribution of meetings. She said she would be open to a way, besides a formal meeting, to get information out.

The Chief of Staff expressed the desire to look at better ways to communicate with Commissioners. For example, she suggested that reports could be distributed beforehand, but might not need to be presented each time.

VII. Governance & Commissioner Expectations

The General Counsel spoke about governance and Commissioner expectations. He referred to the Guide for Members of Public Boards and Commission, a previously provided handout. He described it as a constructive guide on how to be a board member, and praised its information on how to be a good board member and how to represent the people who are the constituents of each Commissioner.

Next, he contrasted the Commission's regulations from the year 1970, with the current regulations. He said that many regulations were eliminated as part of regulatory reform including those related to board procedure such as references to utilizing Robert's Rules of Order. He directed Commissioners to the "Primer", a refresh of a document he had prepared in 2016. He said that the primer provides a background and place to start the discussion, but ultimately it's up to the Commission to decide what rules it sets and adopts. He spoke briefly about how procurement fits into governance. He noted that the Commission should decide how these should guide its work; with the goal of establishing an orderly process, while protecting the minority as well as the majority, with all members clear on the rules and without providing a disadvantage/advantage to someone based on knowledge of the rules.

The Executive Director asked the Commissioners to review these materials for the meeting in June. She expressed the need for a minimum framework that we should all be operating from.

Chair Sullivan stated that in June Commissioners will have an opportunity to talk about these documents and decide on a process to follow, making it as simple as possible, yet as effective as possible to do the GIC's business.

The Executive Director noted that the guide that OSD put out is good and that having a discussion of what our responsibilities are will be helpful. It's best done at a time when we're not in active decision-making. The Chief of Staff and General Counsel asked for Commissioners to be in touch with them to make sure the GIC staff is on point with this work. Chair Sullivan requested that the Commissioners read the materials prior to the June meeting.

The next agenda item was Commissioner Sullivan's Motion. The Executive Director turned the meeting over to Commissioner Sullivan. He noted that in the last meeting he had put forward a motion for Commissioners to consider. He expressed appreciation for the GIC looking at procedures, but noted that he does not think his motion conflicts with these efforts. He described the motion, which includes asking for a timeline of 21 days to receive materials pertinent to an important vote. It also would commit the GIC to working with the legislature. He asked for a Commissioner to second the motion.

Commissioner Bobbie Kaplan seconded the motion to move forward with the vote.

Discussion ensued. Commissioner Kleckner noted the importance of process. He said he appreciated the hearing /listening tour, but wants to see more formal public hearings when the Commission makes big decisions.

Commissioner Davis praised the intent of this motion, but opined that 21 seems arbitrary and wanted to understand how procurement laws would impact the notice. She suggested postponing the vote on the motion until after the governance discussions over the summer.

Chair Sullivan asked what options are available procedurally when a motion has been put forth? The General Counsel replied there are a number of options besides a straight vote on the motion, including motions to postpone indefinitely, to postpone to a specific time, and to table a motion and bring it back when you're ready to reconsider. The motion to table goes immediately to a vote without debate.

Commissioner Kaplan said this motion is about receiving information before voting. She wants to have enough time to get information out to our constituencies, and to give them time to react. She requested to vote on it and not table it.

Commissioner Clinard said that she is a lawyer, and there are some problematic issues. She questioned the need for 21 days of notice and public hearing, an agreed with Commissioner Davis that it's premature and vague.

Commissioner Edmonds shared that she is also a lawyer. She would prefer to talk about contracts and governance and then vote on this after those discussions.

Chair Sullivan thanked Commissioner Sullivan for his efforts, but expressed worry that 21 days is too hard and fast and could bog down the process. She noted that healthcare is complex and having a 21 mandate on everything may not be reasonable when some things are an easy vote. She would support tabling it until the upcoming discussions on governance have occurred.

Commissioner Bradley noted that he does not represent a constituency, but he would find it unusual to have something 3 weeks in advance on a board.

Commissioner Sullivan outlined his process for gaining feedback from his constituents which include about 116k members in the MTA.

Commissioner Chapdelaine said that notice and dialogue is important but that he would not recommend we adopt this motion until we understand the other laws and regulations. He would support tabling.

Designee Denniston would like to see how this interacts with notice and the other discussions.

Chair Sullivan asked how to proceed to table if there is a motion.

The General Counsel replied that someone else would need to move to table the motion.

Commissioner Choate made a motion to table the suggestion until after the Commission completes its Governance discussions.

Chair Sullivan seconded and called for a vote and it passed 9-4 with Commissions Sullivan, Kaplan, Thompson and Gentile opposing. The motion was tabled.

VIII. Affordability Task Force Reset

The Executive Director spoke about the Affordability Task Force. She wants to understand what we are truly trying to accomplish. She said she felt the need to declare a goal to shoot for and to define affordability. She reminded commissioners of her goal to aim for less than 2% rise in premiums, and noted the market already has goals and measures about the rate of rise through CHIA and the Health Policy Commission. She stated that she would like the task force to re-charter. Specifically, she recommended we identify and size special groups who are at risk. She asked for reactions to this new scope.

Commissioners shared their thoughts. Chair Sullivan said she supports the new charter. She suggested segmenting the population by retirees and income, etc. Commissioner Edwards confirmed she wants to continue on the task force.

IX. In Closing: Out & About, Misc. Updates, Wrap-Up & Discussion & Other Business

The Executive Director presented one last order of business. She highlighted the need for Chairman Sullivan to have more support in her role. She said there is a need to have a vice chair. The responsibilities would include being a safety net if the chair is unable to attend a meeting, such as helping in any preparations leading up to meetings. She noted there are no bylaws around the process to choose a vice chair and suggested using an internal process like the one we used for the chair. Specifically, she would give Commissioners a month or so to let her know if they are interested or if they would like to nominate someone. The deadline is May 1, and then, after caucusing with the chair, the GIC would prepare for a potential nomination and election process in June.

Chair Sullivan noted the time commitment would be minimal and asked for Commissioners to let the Executive Director know if they are interested. Chair Sullivan asked if there was any other business. Hearing none, she made a motion to adjourn. It passed with no objections.

The meeting concluded at 10:35

Respectfully submitted,



Roberta Herman, M.D.
Executive Director

APPENDIX A

Materials Distributed at the April 5, 2018 Commission Meeting

1. February 1, 2018 Commission Meeting Minutes
2. Commission Meeting Package – April 5, 2018

