

GROUP INSURANCE COMMISSION

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

MINUTES OF THE MEETING

NUMBER: Six Hundred Thirty-Eight
DATE: June 13, 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)

EILEEN P. MCANNENY (Public Member)

BOBBI KAPLAN (NAGE)

JANE EDMONDS (Retiree Member)

MICHAEL HEFFERNAN (Secretary of Administration and Finance)

MARGARET THOMPSON (Local 5000, SEIU, NAGE)

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

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

Vacant Seats:

Health Care Economist

MMA

I. Approval of Minutes from February 6 and 22 Commission Meeting

Chair Sullivan called the meeting to order. Chair Sullivan recognized that there is a quorum and asked for a motion to approve the minutes from the February 6 and 22 meetings. Commissioner Kaplan so moved and it was seconded by Commissioner Choate. The motion passed unanimously.

Commissioner McAnneny arrived at 8:32am

II. Director's Report

Roberta Herman, M.D.

The Executive Director outlined the meeting goals which were to conduct regular business, and to gain approval on a series of procurement and rate votes. She alerted the Commission that interim CFO Catherine Moore was unable to attend the meeting.

The Executive Director said that during today's meeting the Commission would launch its governance review with a presentation by the Inspector General about what it means to be a Commissioner and what behaviors/commitments are expected. Two future sessions will be held to cover open meeting law and procurement. Time will be reserved at the October meeting for rules of order and any outstanding issues that may need to be addressed either internally (procedurally) or through legislation.

The Executive Director noted that the major business item will be going through the contracts. GIC staff is striving to find the right balance to provide Commissioners with enough details on the staff's work for informed decision making without overwhelming them, and so, access to detailed contracts was provided in advance but today's discussion will be summary level.

Additionally, she noted that the meeting will provide an open enrollment update which comes amid efforts by Travis Manzione and Paul Murphy to improve reporting.

The Executive Director also noted that we do not currently have a vice-chair and during "other business" will discuss a proposed interim solution.

The Executive Director discussed additional staff activity and pending legislation:

- a. Budget: we sailed through virtually untouched and our appropriation is in good shape . There were a lot of amendments – 25 relating to healthcare; 2 particularly focused on GIC.
 - There was one that would add labor seats, but that was withdrawn.
 - The Senate reduced the number of public seats on the Commission, in favor of healthcare SMEs. It contemplated succession planning too. The second thing it contemplated was a report on our governance process – right now that date is set for 10/1, which would be difficult for us to fulfill.
 - The House and Senate will be negotiating, but the session ends 7/31/18
 - The House is working on healthcare legislation relative to cost improvements
- b. Legislative Meetings; The Executive Director met with Rep. Jeffrey Roy, Vice-Chair, Health Care Financing Committee, on healthcare issues.
- c. Implementation Updates
ESI

The Executive Director reminded the Commission that the GIC consolidated to two PBM carriers, alone Medicare and one non-Medicare. Medicare members are converting to the EGWP program. All non-Medicare members are moving to Express Scripts, and we are moving to the final stage of implementation for July 1. ESI has dedicated a customer service team of 78, and the GIC will partner with them very tightly. All members were sent Welcome Kits as of 6/11. ESI is also going to be sending more targeted mailings to members. For example PBM changes include changes in formulary, common with any PBM, that also include tier changes. The mailings will also review the usual processes such as prior authorization and utilization of generic drugs. The Executive Director noted that we are providing a very liberal transition period compared to most employers. We've been working to implement a 6 month grace period as part of the migration to ESI. The Executive Director mentioned that ESI has done a spectacular job. The GIC staff will receive training on the specific benefits in late June

OPTUM - EAP

The Executive Director mentioned that Optum's dedicated phone line that went live on June 1, and a member portal/website is up and already functional, as is a mobile app. Their confidential substance abuse hotline is up.

A new dedicated local integration specialist, Adam Mintz, has been hired as of June 25. The Executive Director had met him and found him to be terrific.

Chair Sullivan asked about Adam's role in meeting with the different agencies about the program. The Executive Director mentioned GIC was in the process of communicating with key stakeholders about EAP and all agencies will receive posters and mailers in early July. The GIC has already presented/met with more than 10 groups including EOHHS, EOPSS, etc.

Chair Sullivan then asked the Executive Director if there was any way the GIC can introduce Adam to our constituencies, i.e. Mass Teachers Association, etc. as we'd like to continue to spread the good word, given the importance during these times. Travis Manzione extended an invitation to GIC Commissioners to contact him for arranging meetings with Adam going forward.

The Executive Director acknowledged GIC staff Nicholas Federoff and Carolyn Villar for their work in implementing the PBM and EAP programs respectively.

Key Decisions and Votes at Today's Meeting

- Vote on Minutes
- Trust Fund Authorizations for IT, HR and Communications
- Signing of contracts, and authorizing the executive director to sign amendments
- Temporary Vice Chair

III. FUNCTIONAL REVIEWS-

Roberta Herman, M.D.

The Executive Director reported that for the month of May, \$51M in estimated premium payments were made, nothing terribly unusual there, and in June, \$55M in payments were made. Also, the four remaining final payments were made.

The Executive Director said from this, we have a pretty good idea of how the year is playing out. She said that first, going to Year over Year performance, probably the most remarkable thing is that March expenses for 2018 look a lot like expenses during the same time in 2017. She noted that during April, claims were \$20M higher due to two billing cycles.

The Executive Director noted that we anticipated expenses would go up in March and April--and they did, but not to the extent that we expected. She pointed out that May 2018 claims are very similar to the May 2017 claims amount totaling \$173M.

She noted that the net gain from all this is that our surplus has actually increased and has been running favorable since October. In fact, it looks as if we will run at a 5 percent surplus. The Executive Director reminded Commissioners that the member share is kept in trust funds which are used to offset premiums as needed.

Chair Sullivan then reminded the Commission that we still have to pay claims for the remainder of June and into July.

This was acknowledged by the Executive Director, who followed up by pointing to April trends, and that GIC is running sizable surplus.

The Executive Director additionally noted that the actual GIC budget is flat, at a just a 1 percent increase to \$2B. Secretary Heffernan noted that currently, the FY19 budget is in conference between the House of Representatives and Senate.

Next, Commissioner Davis asked about budget size and containing costs relative to the GIC. The Executive Director responded that pharmaceutical drug costs continues to be the biggest cost driver and will be a larger and larger proportion of our spending, and how that has been an area of focus for the GIC.

The Executive Director then added that in any given year, there may be one-time moderations but that, inevitably, there is a trend for health care costs to increase. She attributed the PBM procurement as giving the GIC some breathing room at a time when employers are seeing a 6 to 8 percent cost increase.

IV. Trust Fund Authorizations-

Roberta Herman, M.D.

The Executive Director spoke of how these Trust Funds supplement our appropriation in the areas of IT, administrative services and communications, pointing to a couple of differences in request amounts for this year, particularly in the area of communications.

In other trends, the Executive Director explained that salaries for temp employees and fringe workers had come down substantially year over year. Next, she spoke of how, in terms of distribution of funds, there is more investment in e-communications, and less investment in paper based communications.

The Executive Director said that she wanted to ensure that we are optimizing the distribution of funds before going to the Secretary (Heffernan) for other sources of additional funds. Next, Chair Sullivan asked if there were any concerns over paper based communications/mailings from constituents and whether this investment helped with email communications. The Executive Director responded that we are taking a look at preliminary solutions, and Travis (Manziona) will be leading us through this exercise to find the best fit. She mentioned that there are so many solutions out there, and we have an opportunity to be thoughtful and take the time to do it right.

Travis Manziona added that another area of focus was the collection of email addresses, made possible thanks to additional funding approved by Commission to support the Spring health fair events. He added that GIC is also executing an email campaign to our GIC coordinators to solicit email addresses as another touchpoint.

Commissioner Chapdelaine noted that this budget request seemed small in comparison to the actual Trust Fund balance. The Executive Director concurred with this statement.

Next, Commissioner Kaplan asked about the numbers for temporary help requests. The Executive Director responded that temp help requests are going down, and that we need mechanisms by which we can quickly expand when we need to.

Chair Sullivan then asked for a vote by the Commission to approve Trust Fund authorization spending. Commissioner McAnneny so moved, seconded by Commissioner Davis. The vote passed unanimously.

V. Governance

Andrew Stern

Next, Andrew Stern introduced Inspector General Glenn Cunha and his staff to talk about effective board governance.

Inspector General Cunha opened up by providing an overview of the OIG mission in enforcing the state procurement law and its goal of ensuring that we as state government workers get the best products for our dollar.

- He added that the OIG statutory mission is to detect and prevent fraud and waste of public funds.

He then discussed that the OIG role has evolved over time to include:

- Expansion of training programs, training about 500 people a year six years ago to 2K plus employees last year.

He added that with 3,000 people appointed to public boards and commissions, we are looking to get them trained. This is a perfect example of how government works. While board and commission members volunteer their time to serve, there is a lack of resources and training to support these efforts, such as, for example, understanding what is an Executive Session.

Also he noted that boards and commissions should be transparent, unless there are personnel or other sensitive matters to discuss behind closed doors.

Next, Neil Cohen (OIG) discussed the duty of impartiality, explaining how in the deliberation of an issue for a vote a member's expertise can inform the discussion, but that ultimately a vote should be decided by what is in the best interest of the organization and the commonwealth. He encouraged Commission members to read the OIG guide, and referred them to other resources. He then referenced the availability of OIG day long trainings on public procurement and other topics.

Next, Maya French (OIG) spoke of how a Commissioner's fiduciary duty is important and the most overlooked part of board responsibility. She added that election to a board or commission presents a duality, first to yourself and to the organization you represent. This trust relationship is created by virtue of you being on the board, and is a weighty responsibility. She noted that it is often not clearly understood, or board members tend not to acknowledge that they have this particular duty to uphold..

Ms. French then noted that within concept of fiduciary duty, there are three distinct areas:

- Your first duty as fiduciary is the duty of care or “due diligence,” i.e., contracts you enter into are of high value and benefit members. How do you define high value and achieve that from conception to contract management and execution stage?
- Secondly, is a duty of loyalty, referred to as the “ethics duty.” You must act in the best interest of the organization before any personal interest. Otherwise this creates conflict and may require you to step down from board. The OIG staff spoke of some examples that include the awarding of contracts to favored parties: a board member believes that the board should contract with certain business as it would be a “good deal.”
- Next is the duty of impartiality, whereby a board member must not place their personal interests or agenda above organization’s mission or mandate, and must carry out the organization’s mandate as a whole. One example is that of a state legislature or regional school committee whose members are elected by a specific constituency. Members need to act in the organization’s best interest even if it isn’t necessarily in the interest of the specific constituency. She added that these duties taken together require board members to make careful, good faith decisions consistent with an organization’s public mission.

At the conclusion of the presentation by the Office of the Inspector General, Chair Sullivan asked about the timeline from board appointment to when training is offered.

Mr. Cohen responded that the training is relatively new, and OIG is now coordinating with the Governor’s Office on offering training to new board members. A video from the OIG should be available this summer.

The Executive Director noted there doesn’t seem to be a standardized onboarding process for people appointed to boards by Governor’s Office, and that for now we have been using our best judgment. Chair Sullivan then asked that Commissioners be notified as to availability of new videos and training schedules. Mr. Cohen responded that the Boards and Commission training is coming out this summer and will be offered in Worcester.

Commissioner Edmonds said she was fascinated by the presentation, and thinks this it was helpful. She asked if we were to commit to a day-long training, and whether this training could be customized to speak to the work of GIC. Mr. Cohen responded that it would be hard to tailor as trainings are open to public, but that there are ways to tailor the training to meet the organization’s needs.

Commissioner Edmonds replied that there are a host of questions about how to thoroughly get the understanding you need to make well informed decisions given the massive set of responsibilities.

The Executive Director then indicated she would add the OIG video to list of things we provide to new Commissioners as part of their onboarding.

Chair Sullivan thanked Commissioner Edmonds for her excellent question, and mentioned August and October as timelines for upcoming meetings and trainings.

Next, Commissioner Choate inquired about best practices around procurement, particularly big procurements. Commissioner McAnneny then followed up on Commissioner Choate's comment, asking about the delineation of staff's role and Commission's role and the proper roles of staff and Commission in the process. The Executive Director responded that we are interested in clarifying perimeters for financial oversight, and need to have a discussion about that, which will come later.

Next, Commissioner Davis asked for advice about clarity in terms of the variety of constituents represented on boards, and how with human nature as it is, addressing different boards or if there are questions one could ask if you represented a certain constituency, while also serving as a board/commission member. She noted that on corporate boards you ask if a decision enhances shareholder value and asked whether on a public board, if there are similar questions to know whether your exercising your fiduciary responsibility, given the delicate balance in terms of voting on matters. Mr. Cohen responded that you have a duty not only to your constituencies but to company as well. It is about consensus, means that everybody can live with a certain decision.

Glenn Cunha raised several considerations such as whether this is the best use of taxpayer dollars.

He suggested asking whether, in my role, I am making the best decisions for the organization, and secondly, whether it is carrying out the mission of GIC when you make these decisions.

Commissioner Davis responded that if it doesn't meet the needs of your constituents, it may not be the best interest of the organization.

The Executive Director said the challenge is to come up with overall best solutions to not only drive for your segment, but also think about the best use of public funds.

Mr. Cohen noted that "best" is a relative term, as a lot of experience is based on procurement at the best price and best value. He added that one goal of a procurement process is obtaining the best price or best value. Some variables to achieving this may include only one bid, meaning it may be best at that moment, but may not necessarily be the best bid/value ever.

Chair Sullivan said these are good questions to explore further, and that we need best practices. She mentioned that in her role as a public member, she is always grappling with decisions to get the best value for the public. She added that the Board grapples with duality in its roles serving on the GIC and serving their constituents and that this is a great foundation to work from.

Commissioner Sullivan spoke of his need for transparency with his constituents, and what he could share ahead of time with my members. He said that in-depth discussions with constituents he represents, including the MTA President, VP, etc. means that sharing information ahead of time is critical. He asked how he could have the opportunity to do this when information is embargoed. Commissioner Sullivan then asked whether we are subject to Open Meeting Laws.

Mr. Cohen replied that when you take on the role as board member, you swore an oath, to impartially perform your duties as a Commissioner. Ms. French mentioned that AG's office enforces Open Meeting Laws and that doing so is a difficult process.

Chair Sullivan mentioned that in regards to state procurement laws that topic would be explored in August. The Executive Director said that the procurement process is different from other kinds of sharing in that the procurement process and information is supposed to be closely held by Commission until vote is taken. This situation leaves people in a difficult position and makes us think how we can do better next time.

Chair Sullivan asked whether there was any guidance that can be provided on topics such as attendance at board meetings. Ms. French (OIG) responded that it would help to ask as to why they aren't participating and whether there is a sunset and about the limitations that can be imposed in the Commission's rules.

Chair Sullivan thanked the OIG and staff for coming.

VI: CONTRACTS AND AMENDMENTS

Andrew Stern

The General Counsel explained the contracts to be signed today are a result of previous authorization by the Commission for staff to contract with six health insurance carriers, 2 PBM's and an EAP vendor—all of which include provisions of the benefit designs previously voted on, and include back end operational structure, billing, and performance guarantees. The contracts codify the ASO fees previously voted on.

The General Counsel acknowledged that the signing of contracts comes as a result of extensive difficult negotiations by Deputy General Counsel, Rachele Mercier, with carriers and vendors. He added that the vote would allow the Executive Director to sign contracts and amendments.

Commissioner Choate asked about contract/ negotiation practices with carriers. The General Counsel replied that the biggest piece was the negotiation on performance guarantees, cost control, and operational and clinical excellence.

The Executive Director notes that she feels very strongly that there's a lot of activity going on in the state that GIC should leverage, e.g. Health Policy Commission benchmark goals set at 3.1% in the marketplace.

The General Counsel asked the Commission for authorization for the Executive Director to sign six contract amendments, including dental and vision, long term disability, life consultant, audit vendor, and for the data warehouse. These amendments are for preapproved amounts. He then outlined specifics regarding the contract amendments, including costs. Commissioner Davis asked about the status of the RFP for our auditor Truven. The General Counsel replied that the GIC will procure for a new auditor starting this fall.

The General Counsel then asked for a motion to authorize the Executive Director to sign the amendments. Commissioner Chote made the motion, seconded by Commissioner Davis, and the vote passed unanimously.

VII. Annual Enrollment Update—

Travis Manzione/Paul Murphy

Travis Manzione noted the great support from the GIC vendor partners throughout the Annual Enrollment process.

He added the GIC's goal is to meet members where they are and engage them on how they would like to be engaged, which includes leveraging multi-media channels including the GIC website. Mr. Manzione also thanked the GIC's health insurance carrier partners in providing member support and calls and their strong partnership with GIC.

Travis Manzione referenced this year's Benefits Decision Guide, noting it was much more streamlined, moved away from a carriers based perspective to a product based perspective, and, with the overall format aimed at helping members find the best value and best product for them.

Travis Manzione then discussed the GIC Health Fair events and enrollment changes from this year's Annual Enrollment period.

He outlined several key findings:

- 6,000 subscribers changed plans from Annual Enrollment--a rate smaller than other years when we've had more substantial changes
- Our Annual Enrollment is generally passive, and in such an environment you will see lower participation
- The GIC website was the largest, most utilized source for member touchpoints. This was a desired behavior and led to subsequent inquiries as to how members can make enrollment changes online.

At the conclusion of this presentation, Chair Sullivan asked whether the GIC could further segment out by constituency and website. The Executive Director noted that this is the most detailed analysis available in terms of Annual Enrollment trends. Chair Sullivan acknowledged the work of Travis Manzione and GIC staff and said she would like to see more of this type of this information in the future.

Next, Paul Murphy provided an overview of the GIC Health Fairs, outlining several key findings:

- GIC held 13 health fairs across the Commonwealth
- There was a lower volume after 4 pm
- 11-4 was the most successful time period
- Saturday health fairs continue to be popular

Following up on this, the Executive Director indicated that next year, GIC may adjust some operational staff workweeks to accommodate Saturday events as needed.

Paul Murphy mentioned that most frequent questions asked are what members need to do when turning 65, going on Medicare, and the confusion about their health and dental coverage when retiring or turning 65.

Additional Annual Enrollment Highlights:

- The Pool 2 population had an expansion of choices this year due to consolidation into Pool 1
- Four municipalities left the GIC, and Chair Sullivan noted that the GIC lost 3,949 subscribers

Commissioner Kaplan then asked if there was a particular reason why these municipalities left the GIC. Paul Murphy noted that the City of Quincy, as the largest community which represented 80 percent of the lost subscribers, chose to go with the Blue Cross Blue Shield of MA.

VIII. In Closing - Other Business Vice-Chair Temporary Appointment **Roberta Herman, M.D.**

The Executive Director noted that Chair Sullivan is not available in August for the next Commission meeting. She had mentioned reaching out to Commissioner Tobey Choate, who was open to helping however he could.

The Executive Director noted that there is benefit to ensuring some balance with the Chair as a public representative to have union or other beneficiary representative to serve as Vice Chair, which aligns with concerns raised by several other Commissioners.

The Executive Director asked the Commission for their thoughts..

Chair Sullivan said that the Vice-Chair position isn't a lot of work, and referenced former Commissioner Anne Paulsen's time which involved one or two phone conversations to hear each other's perspective. She said her commitment is to be at every meeting, but the timing of the August meeting created a situation.

Commissioner Kaplan said she was very much interested in serving as vice-chair and thinks there should be labor balance. She added that as a labor member she represents a large sector and that the balance of Commissioners is not that equitable.

The General Counsel responded that his understanding from Commissioner Choate is that he offered to fill a void and that this conversation is now different from when it started and that we need to clarify whether this role is an interim one or not.

The Executive Director said that the discussion started out concerning voting on a Vice-Chair for August meeting and asked if we want to offer opportunity for others to consider.

Commissioner Kevin Drake suggested the Commission move to this fill this role on a permanent basis.

Commissioner Gentile moved to elect Commissioner Kaplan as permanent Vice-Chair. The motion was seconded by Commissioners Thompson and Drake. The motion was unanimously approved.

Chair Sullivan asked for a motion to adjourn and Commissioner Chaperlaine so moved. The motion was seconded and unanimously approved.

ADJOURNMENT – 10:50 a.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Roberta Herman". The signature is written in a cursive, flowing style.

Roberta Herman, M.D.

Executive Director

APPENDIX A

Materials Distirbuted at June 13, 2018 Commission Meeting

1. February 6, 2018 Meeting Minutes
2. February 22, 2018 Meeting Minutes
3. Office of Inspector General Guideline
4. FY19 Trust Fund Request
5. Commission Meeting Package – June 13, 2018

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