

GIC COMMISSION MEETING

Thursday, October 4, 2018

8:30 A.M.

GROUP INSURANCE COMMISSION

Charles F. Hurley Building

19 Staniford Street

Boston, MA 02114

MINUTES OF THE MEETING

NUMBER: Six Hundred Thirty-Eight
DATE: October 4, 2018
TIME: 8:30 AM
PLACE: John W. McCormack Building, Conference Rooms 1&2, 21st Floor, 1 Ashburton Place,
Boston, MA 02108

Members Present:

VALERIE SULLIVAN (Chair, Public Member)

GARY ANDERSON, (Commissioner of Insurance) Designee Matt Veno

EDWARD T. CHOATE (Public Member)

THERON R. BRADLEY (Public Member)

ANNA SINAIKO, Ph.D. (Health Economist)

JOSEPH GENTILE (AFL-CIO, Public Safety Member)

EILEEN P. MCANNENY (Public Member)

BOBBI KAPLAN (NAGE)

MICHAEL HEFFERNAN (Secretary of Administration and Finance) DESIGNEE ELIZABETH DENISTON

JANE EDMONDS (Retiree)

TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)

Not Present:

TAMARA P. DAVIS (Public Member)

CHRISTINE HAYES CLINARD, ESQ. (Public Member)

ADAM CHAPDELAINE (Town of Arlington--Massachusetts Municipal Association)

KEVIN DRAKE (Local 93, Labor)

MARGARET THOMPSON (Local 5000, SEIU, NAGE)

Vacant Seats:

MMA

I. Approval of Minutes from 8/7/18

The Chair called the meeting to order and asked for a motion to approve the August 7 minutes. A motion to approve the minutes was made by Commissioner Kaplan and seconded by Commissioner Heffernan. The motion passed unanimously.

II. Director's Report

The Executive Director outlined the meeting goals and added that the bulk of time would be devoted to the governance process and health care benchmarking from Willis Towers Watson. A brief financial update and review of the FY17 audit would also be provided.

The Executive Director provided an update on Neighborhood Health Plan's (NHP) name change to Allways Health Partners, which will be effective January 1, 2019. She noted that the name change did not affect GIC benefits. NHP will be using the new name in all its communications beginning November 1. In response to a question by the Chair, the Executive Director noted that NHP will be covering any GIC costs associated with the midyear name change.

Next, she noted that the Tufts Advantage plan had received CMS approval to transition from the calendar year to the fiscal year. This became a possibility as a result of carving prescription drugs out of the plan. She thanked Tufts for taking the lead on this change, which will align all GIC plans on the fiscal year. Next month, the Commission will have the new Medicare Advantage rates that will be in effect from January 2019 until July 1, 2019. She reminded the Commission that all plan rates for FY20 will be set in February.

The affordability task force had continued its work. It recently received data from the Department of Revenue, which looked at how our members, by counts, fell within federal household poverty level income bands. The data needed to be cleaned up before it will be ready for further discussion, but the early results appear to indicate that 60% of our members have household income above the poverty thresholds and 1600 members may be Medicare eligible and not on Medicare. We are discussing outreach to these members.

Additionally, Ray Campbell, from CHIA, and Marisa Woltmann, from the Connector, were invited to meet with the task force to explore what options might exist to leverage other programs to provide subsidized coverage for our most at risk members. Some of the issues the task force is grappling with are: what is the right percentage of income being spent on total health care expenses, how affordability should be defined, and what programs offered by other agencies might be available for our eligible members that could provide additional options and/or relief. Further work that needs to be undertaken involves interagency collaboration and will take time. As a result, the task force, per se, will be on hiatus; we (staff) hope to have more to report in three to six months.

We are about to begin annual meetings with all our Health plan vendors. We plan on discussing their, and our, strategic plans for the next three years. We will report back to the Commission regarding these meetings in December.

As you know, the legislature is fairly quiet right now as everyone's attention is on the general election. However, the primaries have already upended the status quo. The house will have 23 new members and some powerful incumbents, such as Representative Sanchez, are already out. We are sorry to see capable people go, but will try to capitalize on the changing membership by building new relationships. We anticipate that health care issues will continue to be a priority for the new legislature.

The GIC will be offering a flu campaign in October. The Flu vaccine is one of the most cost effective interventions available today. Besides messaging about the importance of getting a flu vaccine, we will be running a pilot program for an onsite flu clinic at Ashburton at the end of October. The vaccine will be available for executive branch state workers. If the clinic is well received, we will bring it back next year and look at expanding clinic locations. A communication campaign for the clinic has been prepared to promote registration for the shots and to address capacity. (While the discussion was ongoing, an email was received by some Commissioners regarding a similar Flu clinic sponsored by another state agency causing some confusion.)

Tom Conroy, from Accenture, provided a quick overview of the work they were doing for the GIC. He stated they were looking at both the GIC's current operational capabilities and what it could do to improve them, and assessing what capabilities were needed for the future, to support things like an exchange environment. Accenture was also looking at the GIC's existing data analytic infrastructure structure and how best to improve it, both for health analytics and operational analytics. Accenture will be coordinating with Willis Towers, and others, in doing this work. He promised the Secretary that their recommendations would be based on a rigorous review.

The Chair asked about the project endpoint and expectations. The Executive Director indicated that recommendations were expected within 6 months, and these will include both short term items we can act on immediately, and longer term items that can be completed within three years. The Chair requested updates as the work progressed.

The Executive Director referenced a high level timeline for Commission activities and procurements over the coming year. She noted that the Commission will have a lighter workload as there are less procurements needed in this time frame. She thanked Tracy Reimer for all her hard work in detailing the procurement schedule, the timelines, and her work on various task forces.

Lastly, the Executive Director discussed the meeting goals, which included a review of the Governance work that we had engaged in over the summer, a proposal to establish a Governance Subcommittee and some benchmarking data presented by Willis Towers, if time allowed.

III. Functional Reviews

The Chief Financial Officer presented a summary of Fiscal Year (FY) 18. As the Commission knew, the GIC had a surplus in FY18. In the end, we returned \$114,160,222 to the general fund which represented 5.2% of our budget. This degree of variance is not unprecedented and we have had deficits in this range in the past as well. The CFO noted claims payments, year over year, were essentially flat. The Executive

Director emphasized that this surplus is state money. It is against the appropriation not the premium. There was also a 5.2% surplus in the employee share. The employee surplus is maintained in employee trust funds and is used in the employees' behalf.

The CFO next presented a preliminary look at FY19. We have very little data at this point. The first two months do not indicate any abnormalities and the GIC was running slightly better than projected. If the rest of the year turned out to perform the same as the first two months, we will have about a 4% surplus over budget. In response to questions from Commissioners Sinaiko and Choate, he stated that the GIC's FY18 budget had a 2.75% increase over the prior year, but the FY19 budget was flat.

Truven Audit

The CFO reviewed the overall results of the FY17 plan audits done by Truven Health Analytics. He noted that all the plans are audited every two years on a rolling schedule. In FY17, NHP, Tufts, HPHC and CVS/Caremark's commercial and EGWP plans were audited. Truven uses what it calls a 100% of claims approach. They run all claims through an algorithm that looks for anomalies. It then collects a random sample of the claims identified as exceptions that are then subjected to a thorough investigation. The findings are shared with the plans who then have an opportunity to provide documentation to demonstrate why the claims were properly paid. Overall, the results were excellent. All plans performed better than industry standards and improved over the prior audit period. Truven made some recommendations to address their few findings, which are being addressed. He noted that all these plans are under new contracts. Nonetheless, the FY18 audit process for the other plans for has already begun.

Commissioner Bradley expressed a desire that future audits look at customer service quality, not just call metrics. The Executive Director noted that the full audit report reviews a host of metrics and will be provided once finalized. Commissioner Choate noted that we want to focus on making services cost effective and that this should be part of the audit. The General Counsel noted that the audit contract is expiring and we would be procuring a new one soon. We would keep his request in mind as we prepare the RFR.

IV. Governance Part 3:

The General Counsel led a governance discussion beginning with a recap of governance activities over the summer. He began by noting that Governance concerns have been a recurring topic for a number of years. The Commission has no codified procedures for choosing an Executive Director or a Chair, for running a meeting, or rules for procedural votes. It has had debate about what to call the special meeting we hold with the public every year.

He noted that over the last year, the Commission realized that it did not have a shared understanding of the fundamentals that underlie its work, including what is the role of a commissioner, Open Meeting law and Procurement rules. With that in mind, staff met with representatives from the Attorney General's office, Operations & Services Division (OSD), ANF and the Governor's legal staff, as well as speaking with the Secretary of State's office. Collectively, these are the experts and authorities in open meeting law, procurements, and public records law. Staff wanted to make sure that it understood the rules and it looked for solutions to problematic areas within the bounds of the existing statutes, regulations and policies. Next, the Inspector General came to speak to the Commission about Board Governance and the role of a board member, followed by representatives from the Open Meeting Division of the Attorney

General's office to discuss open meetings, and representatives from OSD to discuss procurements. Following those meetings, staff reconvened the expert panel to review what it had learned and to make sure that what will be discussed at this meeting had been vetted by the experts.

Board Governance:

The General Counsel reminded the commissioners that they have four duties they must follow – the Duty of Due Care or due diligence (fiduciary duty); the Duty of Loyalty (Ethics), placing the interests of the organization above personal interests; the Duty of Impartiality – organizations mission is primary to the interests of any constituency; and the Duty of Good Faith – all decisions are consistent with the GIC's mission. The General Counsel then reviewed the GIC's statutory mandates and their instructions to provide specified benefits to those in the service of the commonwealth on such terms as it deems to be in the best interest of the commonwealth and its employees.

He then noted that being a commissioner, especially one with a constituency, was a difficult job. While each commissioner represents a stakeholder whose voice and perspectives it brings to Commission discussions, ultimately decisions must be based on what is best for the organization, consistent with the Commissions' public mission. The General Counsel then briefly spoke about financial oversight, noting that the GIC was subject to a number of controls and oversight by ANF, the Comptroller and the State Auditor.

Open Meeting Law (OML):

The General Counsel next noted that the Commission, as a public body, must comply with OML. The General Counsel reviewed definitions of "open meeting" and "deliberation", noting that they also apply to subcommittees, and the necessity of a quorum to be a "meeting". He spent some time distinguishing communications (written and oral) between commissioners that would, or would not, violate the law. He pointed out that staff are not subject to this law and documents staff prepare and send to commissioners are not deliberations, unless they share opinions of commissioners or are discussed outside of a meeting by commissioners. However, they may be disclosable public records, depending on content. There were a number of clarifying questions regarding communications about documents and communications between staff and the commissioners. These included joint briefing calls and the potential for opinions to be expressed in such calls. The General Counsel reiterated that so long as a quorum was not involved and any opinions expressed were not shared among a quorum of members, such a scenario would not violate the law.

Procurements:

Next, the General Counsel reviewed the material on procurements. He noted the statutes, regulations and authoritative/governing bodies in this area, primarily OSD. There was discussion on the monetary cutoffs for different classifications of procurements and the different rules that applied. The General Counsel then reviewed the procurement process, beginning with the posting of the Request for Responses (RFR) and ending with a signed contract. He discussed procurement teams and the rules they operate under. He noted that the appropriate place for public input into the process is at the time the procurement strategy and RFR development are under discussion (i.e. pre-RFR). These points led into a larger discussion of the confidentiality of the procurement process beginning with the posting of the RFR and continuing through the Commission vote for the apparent successful bidder(s). These rules and policies are required to ensure the process is fair and impartial leading to a result that is the best value for the Commonwealth. Procurement challenges are generally centered on violations of these rules.

The General Counsel discussed possible ways to keep commissioners informed during the process, including providing informational documents during the process. OSD recommended that commissioners sign non-disclosure agreements to allow specifics to be shared with them. The General Counsel emphasized that these informational documents would be confidential, could not be discussed with others; and were exempt from public records disclosure until the contract was signed. He noted that OSD had stressed that everyone involved in a procurement is obliged to ensure the process is confidential to preserve impartiality and fairness. Lastly, he noted that commissioners could be on procurement teams or serve as advisors.

The General Counsel discussed how procurements were different from the other activities of the Commission, subject to their own rules and requirements. This is reflected in the strict confidentiality of the process and the public records exception for procurement related documents. Because the GIC is statutorily prohibited from contracting for more than five years, it is frequently running procurements. Due to the confidentiality requirements, public input cannot occur during the procurement, including prior to the commission vote on the apparent successful bidder. The GIC is unique in having such a vote made at a public meeting.

The General Counsel mentioned that the AGO had raised the possibility of utilizing an executive session to have procurement related discussions and, potentially, the recommendation vote. However, at the subsequent expert summit, it was determined that legally this was a gray area and the proposed executive session exception might not be available. He indicated that he was continuing to explore this with the AGO, but in the meantime advised against it.

Recommendations

Having reviewed the governance material, the General Counsel suggested that the Commission consider forming a subcommittee to tackle some of the governance issues. He outlined a number of potential items such a committee could work on; topics included commission meeting procedure and attendance, its internal operations and reporting, and delegation of authority to the Executive Director. Commissioner Kaplan moved to establish a governance subcommittee to report back to the Commission with recommendations, seconded by Secretary Heffernan. The vote passed with 10 in favor and 1 abstention (Commissioner McAnneny) and volunteers for the subcommittee were asked to contact the Chair who would decide the final committee make up.

One item raised as needing immediate consideration was what to call the meeting with the public prior to the Commission votes on final benefit changes. It was noted that the GIC had called this meeting a public meeting and a public hearing in the past. The General Counsel pointed out that these terms have legal definitions and associated rules, none of which applied to the actual meeting the Commission holds. The General Counsel discussed the differences between public meetings and hearings and suggested that the meeting under discussion was most similar to a listening session. The Executive Director noted that by calling it a hearing, we shut off two way communication. There was discussion as to whether this was something the governance subcommittee should deal with, but the general consensus was that it did not need to wait. There was discussion about other times when listening sessions might be appropriate, such as before a major procurement. Commissioner Kaplan expressed support for calling it a listening session, as did Commissioner Sullivan, who added that it should be a listening tour. Commissioner McAnneny moved to approve "listening session" as the name for the meeting which was seconded by Commissioner Choate. The motion passed unanimously.

There was further discussion concerning how many listening sessions to have and where they would be located. The current plan was to conduct 3 sessions – one each in Boston, Worcester and Western Mass. The Executive Director stated that the GIC tries to be data driven in making these decisions and, based on concerns raised by Commissioner Kaplan, would look at the Cape/ South Shore as an option. Commissioner McAnney expressed that she did not think it was appropriate for the commissioners to dictate the number of, and locations for, these meetings and that should be left to the Executive Director.

Rate Development, Timeline & Approach

Tracy Reimer presented a time line through next June, the end of the fiscal year, which laid out the Commission meetings, the rate renewal process including any benefit changes, ongoing and upcoming procurements, annual enrollment and the listening sessions. She reviewed a second timeline detailing the process and sequencing of rate renewal activity. She explained how the timing was constrained by the availability of data, necessary Commission votes, and the need to complete it prior to March to ensure open enrollment material could be timely produced. The Executive Director noted that in order to finalize the rates, any benefit changes need to be determined first, much like you need to know all the options for a car before you can get the price.

V. Healthcare Financial Benchmarking

Jeff Levin-Scherz, from WTW, presented their 2018 Healthcare Financial Benchmarks. The Benchmarks are based on surveys of 1000 large employers, including public sector employers - mostly higher education and non-profit charities. He noted that the Government/Public Sector/Education (GPE) group had 223 respondents and represented 10% of the overall survey.

One component of the survey was to look at the medical cost efficiency of plans – how much does it cost, how much should it cost, what would reasonable people expect it to cost. When you look at the GIC's total costs per covered employee per year, its costs look 17% higher than the industry average. However, once these numbers are adjusted to take into account differences in the age/gender, family size, geography and plan value, the GIC's total program is 8% more efficient than the average of the database and 6% more efficient than the GPE group average, although there was still room for improvement.

As time permits, material that could not be covered will be reviewed at an upcoming meeting.

VI. In Closing Out & About, Misc. Updates, Wrap Up & Other Business

At the last meeting, the Commission had approved the choice of an FSA strategic consultant. The contract was ready for signing and the commissioners all signed.

The Executive Director noted that staff was about to begin annual meetings with each health carrier. Staff has continued efforts to be present at relevant Stakeholder meetings and Mike Berry, the Legislative Director, had recently attended the Mass Retiree Associations annual meeting. The Association noted that this was the first time someone from the GIC had attended.

The meeting was then adjourned upon unanimous consent.

Respectfully submitted,

Roberta Herman

Roberta Herman, M.D.
Executive Director

APPENDIX A

Materials Distributed at the October 4, 2018 Commission Meeting

1. August 7, 2018 Meeting Minutes
2. Commission Meeting Package – October 4, 2018



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