



COMMISSION MEETING

December 19, 2024

 MassGIC

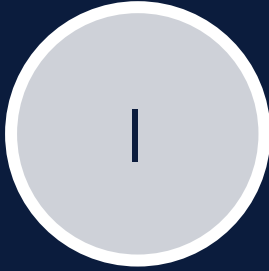
 Group Insurance Commission

 MA Group Insurance Commission

Public Notice: G.L. C-30A, Sec. 20, December 17, 2024

Agenda

- **I. Minutes, June 20, 2024 (VOTE)** 8:30-8:35
Valerie Sullivan, Chair
Andrew Stern, General Counsel
- **II. Executive Director's Report (INFORM)** 8:35-8:45
Matthew Veno, Executive Director
Members of Senior Staff
- **III. Dental/Vision Procurement Recommendation (INFORM & VOTE)** 8:45 -9:10
Jannine Dewar, Manager of Pharmacy and Ancillary Benefits
- **IV. FY2026 Preliminary Cost Increase (INFORM)** 9:10-10:00
Vince Kane, FSA, MAAA, Senior Director, Health & Benefits, WTW
Jeff Levin-Sherz, MD, MBA, Population Health Leader, WTW
- **V. CFO Report (INFORM)** 10:00-10:20
James Rust, CFO
- **VI. Other Business/Adjournment** 10:20-10:30
Valerie Sullivan, Chair
Matthew Veno, Executive Director



APPROVAL OF MINUTES (VOTE)

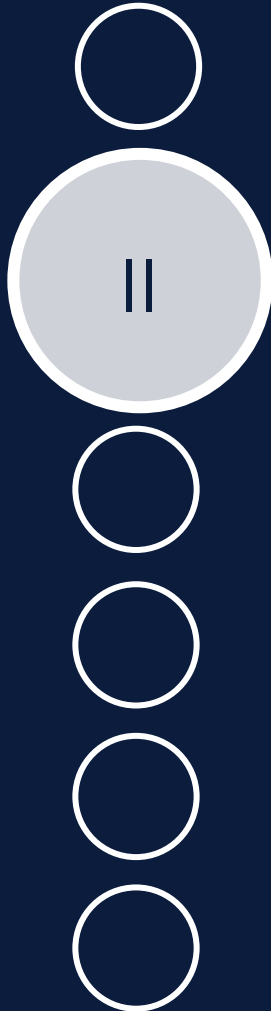
Valerie Sullivan Chair &
Andrew Stern General Counsel



Motion

That the Commission hereby approves the minutes of its meeting held on November 21, 2024, as presented.

- Valerie Sullivan, Chair
- Bobbi Kaplan, Vice-Chair
- Dana Sullivan (A&F Designee)
- Rebecca Butler (Designee for DOI)
- Elizabeth Chabot
- Edward Tobey Choate
- Tamara Davis
- Jane Edmonds
- Joseph Gentile
- Gerzino Guirand
- Patricia Jennings
- Eileen P. McAnney
- Melissa Murphy-Rodrigues
- Jason Silva
- Anna Sinaiko
- Timothy D. Sullivan
- Catherine West



EXECUTIVE DIRECTOR'S REPORT (INFORM)

Matthew Veno Executive Director &
Members of Senior Staff

Projected Fiscal Year 2025 Calendar

Jul	Aug	Sep 19	Oct	Nov 21	Dec 19	Jan 16	Feb 6	Feb 27	Apr	May 15	Jun 18
No Meeting	No Meeting	Plan Audit	No Meeting	Presentation: HPC	FY2026 Preliminary Cost Increase	Presentation: FY2026 Plan Design	Vote FY2026 Plan Design	Vote FY2026 Rates	TBD	Vote: Trust Funds	Report: Annual Enrollment
		GIC Strategic Framework Update		Presentation: Affordability Update	Vote: Dental/Vision Plan	Report: Stewardship Meetings	Report: Public Info Sessions			Report: Out of Pocket	
		Pharmacy Update				Report: CFO Budget Update	Vote: Data Warehouse			Vote: Life/LTD Consultant	
		CFO End of FY Report									

Note: Topics and meeting dates are subject to change



DENTAL/VISION PROCUREMENT RECOMMENDATION (INFORM)

Jannine Dewar, Manager of Pharmacy and
Ancillary Benefits

Dental/Vision Procurement

Current Contracts (FY20-FY25)

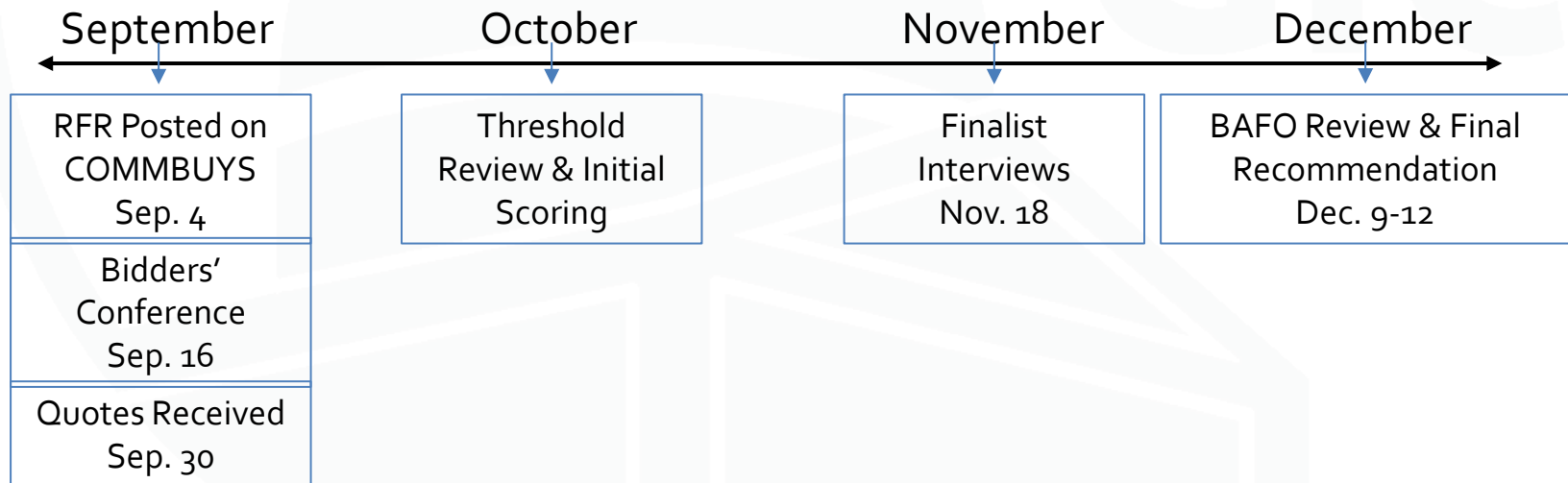


MetLife is in the final year of its contract to provide fully-insured dental coverage to active non-union and eligible retiree members.



Davis Vision is in the final year of its self-funded contract to provide vision benefits to non-union and retiree members.

The GIC partnered with Lockton Companies to conduct a dental and vision procurement for contracts beginning on July 1, 2025.



Dental/Vision Procurement

Scoring Breakdown

- The GIC received three bids for dental and two for vision.
 - Dental: MetLife Dental, Altus Dental, and Point32Health
 - Vision: MetLife/Davis Vision and Altus/VSP
- The GIC's Strategic Sourcing Team and Lockton reviewed and scored the bids.
- Based on initial scoring of technical and cost proposals, MetLife/Davis and Altus/VSP were selected as finalists for Oral Presentations.
- Following Oral Presentations, Best and Final Offers were solicited from the finalists. Revised cost proposals were evaluated, and scores were adjusted accordingly.

Dental/Vision Procurement

Recommendation

The GIC procurement team recommends awarding the Dental and Vision contracts to **Altus**.

1. Under Altus's dental proposal, both Active and Retiree members will pay lower premiums than the current year, which saves money for both the members and the Commonwealth
 - Active subscriber dental premium rates see anywhere from 4-6% rate relief, while retiree premiums are, on average, 2% below current
 - Altus outperformed MetLife in all cost scoring components
2. Altus's vision program would yield savings to the plan administrator (the GIC) and active subscribers, and a vision discount plan will be offered to eligible retirees
 - Active vision administrative fees are 7% below Davis Vision's proposal
 - The requirement for retirees to prepay for vision vouchers will be removed and may increase utilization, while relatively lesser discounts compared to Davis may result in slightly higher OOP costs.

All-in (all active & retiree dental and vision plans), Altus's financial proposal is **\$3.32M less** than MetLife/Davis. These savings, coupled with the dedication to account management, network growth, and more advantageous performance guarantees, were the deciding factors in the GIC procurement team's recommendation.

Dental/Vision Procurement

Rate Comparison

FY26 Dental/Vision Monthly Premium/ASO Rates								
Dental Plan	MetLife Current FY25	Altus FY26	Altus FY27	Altus FY28	Davis Current Vision ASO PMPM	Altus FY26 ASO PMPM	Altus FY27 ASO PMPM	Altus FY28 ASO PMPM
Classic Individual	\$ 42.34	\$ 39.79	\$ 40.49	\$ 41.49	\$ 0.29	\$ 0.39	\$ 0.39	\$ 0.39
Classic Family	\$ 131.28	\$ 123.39	\$ 125.86	\$ 128.38				
Value Individual	\$ 30.80	\$ 28.95	\$ 29.53	\$ 30.12				
Value Family	\$ 95.49	\$ 89.75	\$ 91.55	\$ 93.38				
Retiree Individual	\$ 29.27	\$ 28.52	\$ 28.95	\$ 29.38				
Retiree Family	\$ 70.54	\$ 68.73	\$ 69.76	\$ 70.81				

The table above does not reflect the actual monthly cost to GIC members (15% of premium in most cases)

Motion

The Commission hereby authorizes the GIC to contract with Altus as the apparent successful bidder for dental and vision services, as recommended by the procurement team.

- Valerie Sullivan, Chair
- Bobbi Kaplan, Vice-Chair
- Dana Sullivan (A&F Designee)
- Rebecca Butler (Designee for DOI)
- Elizabeth Chabot
- Edward Tobey Choate
- Tamara Davis
- Jane Edmonds
- Joseph Gentile
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- Melissa Murphy-Rodrigues
- Jason Silva
- Anna Sinaiko
- Timothy D. Sullivan
- Catherine West



FY2026 PRELIMINARY COST INCREASE

Vince Kane, FSA, MAAA

Senior Director, Health & Benefits, WTW

Jeff Levin-Scherz, MD, MBA

Population Health Leader, WTW

Expected FY26 Budget Increase - Context Setting

Why are we here today?

- Based on the current medical and pharmacy carriers and plan design offerings, preliminary Fiscal Year 2026 (FY26) full cost premiums were developed for each of the GIC's products (Non-Medicare and Medicare)
- The purpose of this discussion is to present FY26 Medical and Pharmacy preliminary pricing projections prior to incorporating strategic plan design changes
- A premium reflects the total sum of money that the product is expected to cost in claims and fees (for medical and pharmacy), including the Commonwealth, municipalities and member portion; typically displayed as a monthly amount

What are premiums?

- Out-of-pocket costs at point of service are not included in premiums (e.g., office visit copays)
- Premiums reflect the full cost – members only pay a portion of the full cost premium

How were the premiums developed?

- Self-insured (i.e., ASO): WTW actuaries calculate FY26 premiums utilizing claims data, member data, and trend assumptions developed by the carriers; the individual and family premiums reflect the claims experience and demographics for each product offered (applies to Non-Medicare and Medicare Supplement plans for the GIC)
- Fully-insured: The carriers develop and determine the fully insured FY26 premiums for the GIC (applies to Medicare Advantage medical portion only)



Expected FY26 Budget Increase - Context Setting

Unique market dynamics are influencing health care costs, causing a significant short-term increase and uncertainty for long-term impact



Context: Federal Employee Benefit Plan (FEBP) rate increases average 11.2% for calendar year 2025¹

¹ Friedman, D [Federal News Network](#) September 2024

-  Applicable to Commercial + Medicare
-  Applicable to Medicare only

Expected FY26 Budget Increase - Context Setting

General Inflation

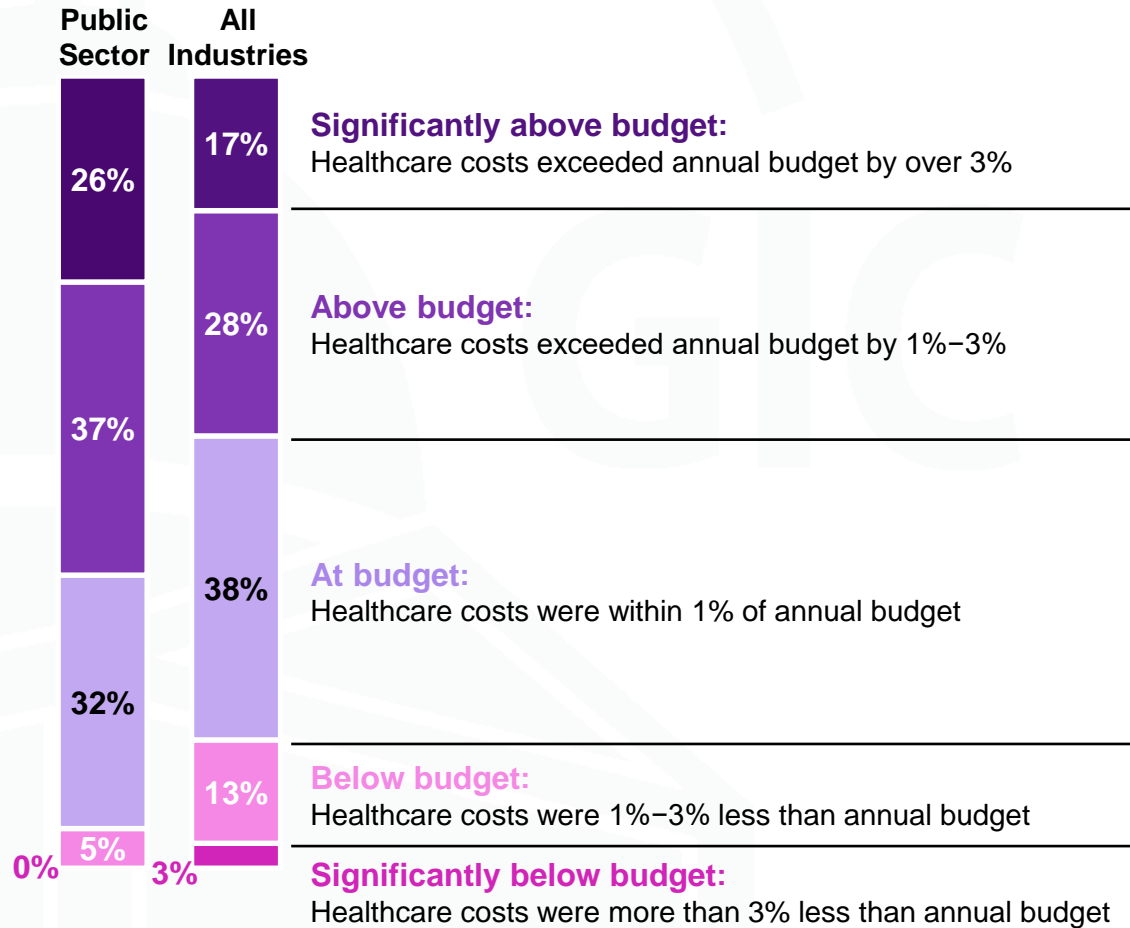
While recent reports indicate inflation rates are somewhat stabilizing, CPI is still higher now than before the pandemic

Incremental Health Care Inflation

Healthcare trend continues to outpace CPI, driven by contentious contract renegotiations between carriers and providers, industry consolidation, and continued clinical labor shortages, among other factors

Expectations on organizations' healthcare costs for 2024

Source: WTW 2024 Best Practices in Healthcare Survey



Expected FY26 Budget Increase - Context Setting

Utilization and Service Mix

As more members use high-cost medical services and drugs, costs increase. The below trends were noted in the recent stewardship meetings and are common across the market.

Inpatient Services

Increased utilization of inpatient services and higher unit costs, shift in service mix to higher acuity surgeries

Outpatient Services

Higher unit cost of outpatient surgeries and tests/screening, driven by musculoskeletal and cardiovascular care

GLP-1 Drugs

Sharp increase in utilization of these very high-cost drugs

Medical Pharmacy

Increased use of high-cost injectable drugs to treat autoimmune diseases like MS and Crohn's/Ulcerative Colitis, and infusion drugs to treat cancer

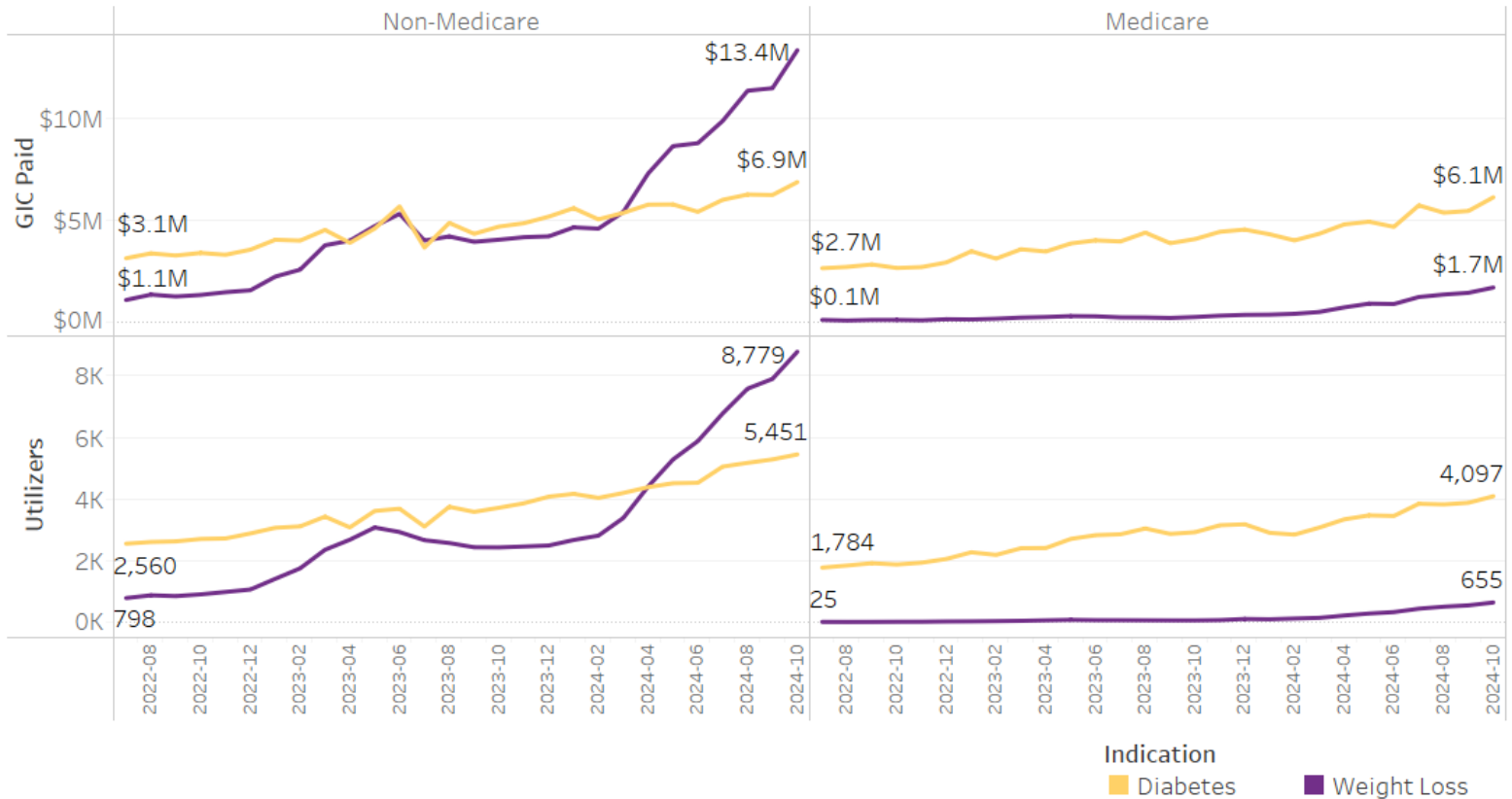
Substance Use Disorder Services

Increased utilization of SUD services and higher unit costs, particularly for alcohol dependence

Expected FY26 Budget Increase - Context Setting

GLP-1 Drugs

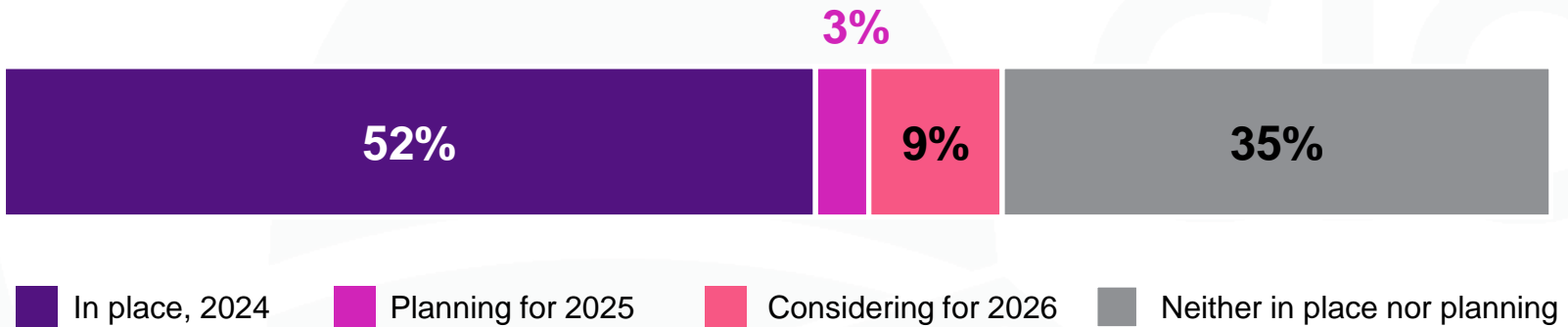
GIC GLP-1 utilization and cost has grown significantly for both diabetes and weight loss. This growth is expected to continue; the cost and increased utilization of these drugs make up a significant portion of projected trend.



Expected FY26 Budget Increase - Context Setting

GLP-1 Drugs

 Does your organization cover GLP-1 medications for obesity?



Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2024 Best Practices in Healthcare Survey.

Expected FY26 Budget Increase - Context Setting

GLP-1 Drugs

GLP-1 medications have numerous benefits and clinical value. These drugs can prevent illness and deaths but are unlikely to lead to lower medical costs.

Diabetes	Obesity
<p>Well-proven benefits</p> <ul style="list-style-type: none"> ▪ Decreased progression to renal failure ▪ Decreased major adverse cardiovascular events ▪ Decreased fatty liver disease ▪ Decreased all cause mortality among those with kidney disease and diabetes 	<p>Well-proven benefits</p> <ul style="list-style-type: none"> ▪ Decreased progression to diabetes ▪ Decreased major adverse cardiovascular events (MACE) and all cause mortality among those with history of cardiovascular events ▪ Sleep apnea

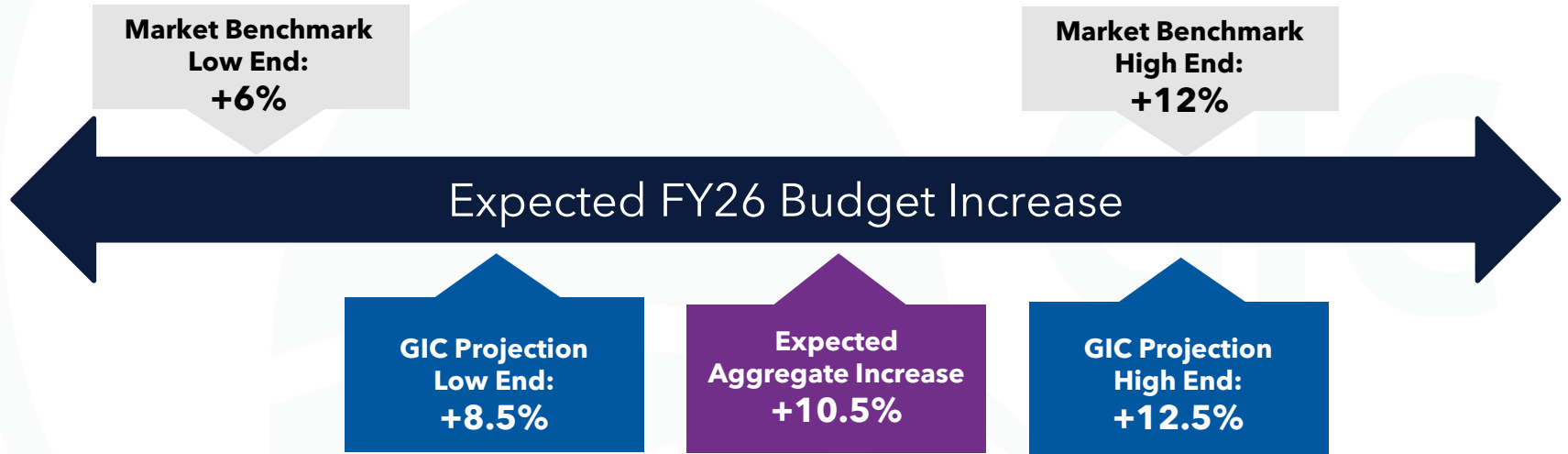
Potential GLP-1 benefits

- Decreased compulsive behavior (addiction, gambling)
- Decreased obesity-related cancer (breast, colon, endometrial)
- Decrease in diagnosis of Alzheimer's dementia
- Improved mental health

References: [Renal Failure](#), [Fatty liver disease](#), [MACE](#), [MACE](#), [Compulsive](#), [Cancer](#), [Mental Health](#), [Diabetes](#), [Sleep Apnea](#), [Mortality](#), [Alzheimer's](#)

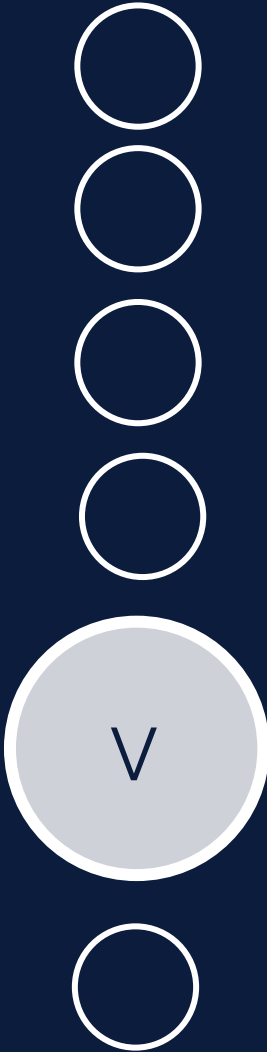
Preliminary FY26 Budget Increase

- “Preliminary” = Current plan options, programs, plan design, funding mechanism; no anticipated migration or material changes in member behavior
- 10.5% projected aggregate increase prior to plan changes and final claim adjustments



Next Steps:

- Finalize medical and pharmacy trend assumptions provided by vendor partners
- Evaluate and vote on plan design changes, including cost impacts
- Adjust the budget rates increase accordingly and develop premium rates by plan



CFO REPORT

James Rust, CFO

FY2025 State Share Expense for GIC Premium Accounts



FY25 STATE SHARE EXPENSE FOR GIC PREMIUM ACCOUNTS

	July 2024	August 2024	September 2024	October 2024	November 2024
Caremark/Express Scripts/SilverScript Claims	\$101,158,005	\$55,761,453	\$58,837,641	\$94,090,648	-\$4,217,149
Davis Vision Claims	\$42,062	\$47,283	\$42,543	\$42,787	\$35,678
Mass General Brigham Claims	\$11,446,094	\$9,646,021	\$8,658,337	\$11,920,741	\$9,524,359
Health New England Claims	\$10,903,323	\$8,959,624	\$9,752,773	\$7,824,988	\$9,495,867
Point32 Claims	\$86,754,873	\$58,303,875	\$61,754,060	\$87,267,726	\$71,030,399
Unicare Claims	\$86,843,669	\$91,935,965	\$69,768,872	\$87,717,257	\$70,621,558
Other costs (including Tufts run-out claims)	<u>\$902,399</u>	<u>\$689,262</u>	<u>\$376,139</u>	<u>-\$142,541</u>	<u>\$483,550</u>
Claims sub-total	<u>\$298,050,426</u>	<u>\$225,343,483</u>	<u>\$209,190,365</u>	<u>\$288,721,607</u>	<u>\$156,974,261</u>
Basic Life Insurance Premiums	\$821,174	\$821,643	\$824,066	\$823,914	\$825,366
RMT Life Insurance Premiums	\$46,021	\$45,963	\$46,546	\$46,545	\$46,532
Dental Premiums	\$942,185	\$941,605	\$946,059	\$946,294	\$950,653
Tufts Medicare Preferred	\$650,447	\$650,303	\$648,641	\$726,917	\$698,923
UBH Optum EAP	\$82,584	\$82,584	\$82,584	\$82,584	\$55,800
ASO Administrative Fees	<u>\$7,362,423</u>	<u>\$7,356,006</u>	<u>\$7,360,167</u>	<u>\$7,357,683</u>	<u>\$7,379,976</u>
Premiums sub-total	<u>\$9,904,834</u>	<u>\$9,898,103</u>	<u>\$9,908,062</u>	<u>\$9,983,937</u>	<u>\$9,957,250</u>
TOTAL	\$307,955,260	\$235,241,586	\$219,098,427	\$298,705,544	\$166,931,511

Employer state share spending FY25

FY2025 Enrollee Share Expense for GIC Premium Accounts

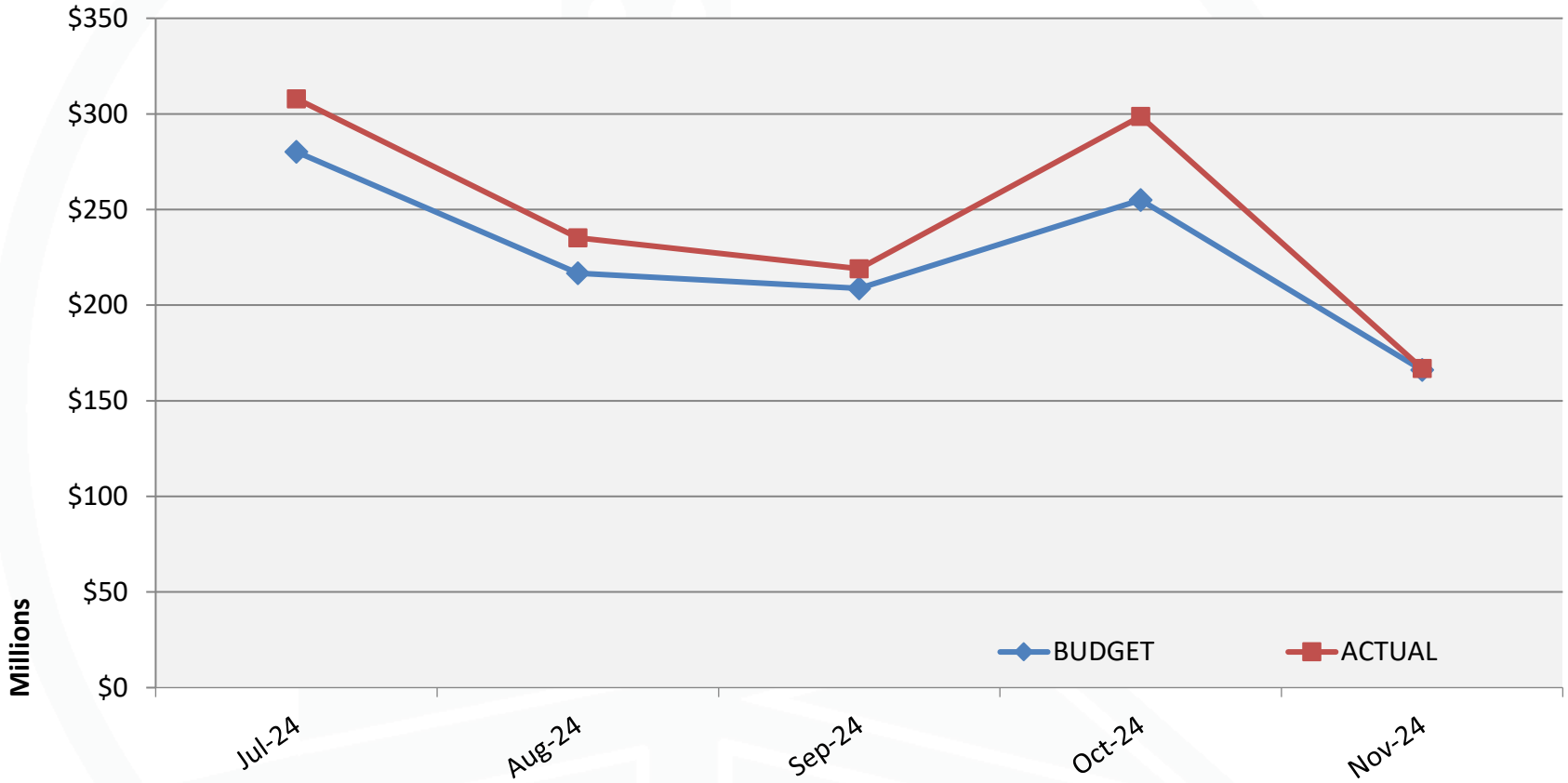


FY25 ENROLLEE SHARE EXPENSE FOR GIC PREMIUM ACCOUNTS

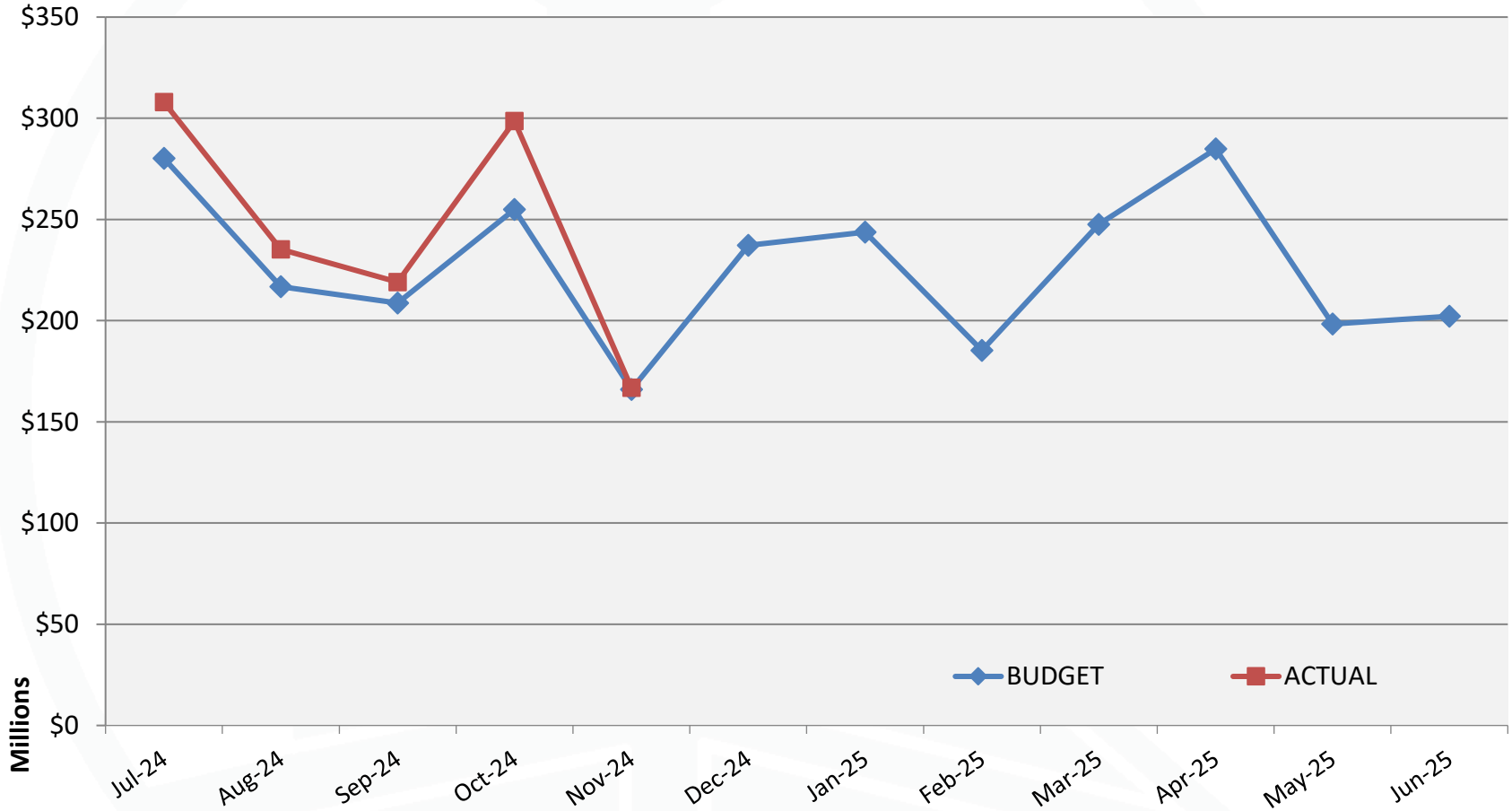
	July 2024	August 2024	September 2024	October 2024	November 2024
Caremark/Express Scripts/SilverScript Claims	\$27,048,894	\$13,022,589	\$17,252,344	\$25,467,106	-\$1,213,853
Davis Vision Claims	\$7,423	\$8,344	\$7,508	\$7,551	\$6,296
Health New England Claims	\$3,302,487	\$2,716,848	\$2,953,611	\$2,373,721	\$2,885,725
Mass General Brigham Claims	\$3,535,603	\$2,980,192	\$2,678,123	\$3,690,378	\$2,952,821
Point32 Claims	\$23,145,976	\$16,761,899	\$17,914,324	\$25,195,316	\$20,581,057
Unicare Claims	\$24,243,214	\$25,767,983	\$19,457,802	\$24,484,095	\$19,766,846
Other costs (including Tufts run-out claims)	<u>-\$65,921</u>	<u>-\$30,935</u>	<u>\$29,014</u>	<u>-\$108,558</u>	<u>\$24,821</u>
Claims sub-total	<u>\$81,217,675</u>	<u>\$61,226,919</u>	<u>\$60,292,726</u>	<u>\$81,109,609</u>	<u>\$45,003,713</u>
Basic Life Insurance Premiums	\$227,909	\$228,184	\$229,126	\$229,157	\$229,776
Optional Life Insurance Premiums	\$4,447,026	\$4,461,418	\$4,490,614	\$4,518,407	\$4,541,124
RMT Life Insurance Premiums	\$11,251	\$11,236	\$11,378	\$11,379	\$11,376
Long-Term Disability Premiums	\$1,244,240	\$1,248,871	\$1,263,875	\$1,272,369	\$1,277,736
Dental Premiums	\$2,339,184	\$2,345,961	\$2,354,217	\$2,359,582	\$2,364,044
Tufts Medicare Preferred	\$150,655	\$150,799	\$150,514	\$168,619	\$162,215
UBH Optum EAP	\$23,976	\$23,976	\$23,976	\$23,976	\$16,200
ASO Administrative Fees	<u>\$2,066,190</u>	<u>\$2,066,024</u>	<u>\$2,069,017</u>	<u>\$2,069,119</u>	<u>\$2,077,843</u>
Premiums sub-total	<u>\$10,510,430</u>	<u>\$10,536,469</u>	<u>\$10,592,718</u>	<u>\$10,652,607</u>	<u>\$10,680,314</u>
TOTAL	\$91,728,105	\$71,763,388	\$70,885,444	\$91,762,215	\$55,684,027

Enrollee share paid claims FY25.

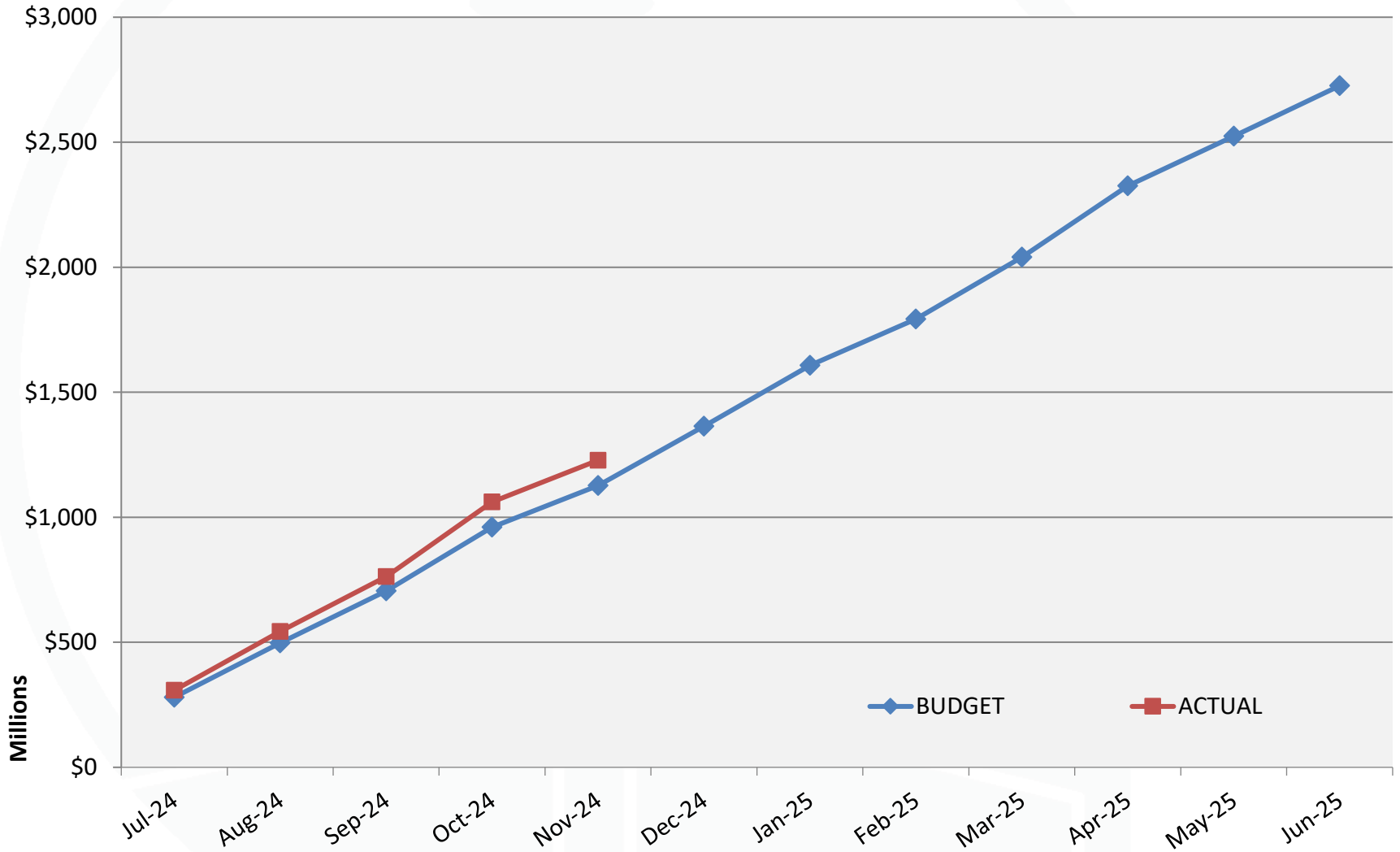
GIC Appropriation for Premium Accounts FY25 Budgeted vs. Actual as of November 30, 2024



GIC Appropriation for Premium Accounts FY25 Budgeted vs. Actual as of November 30, 2024



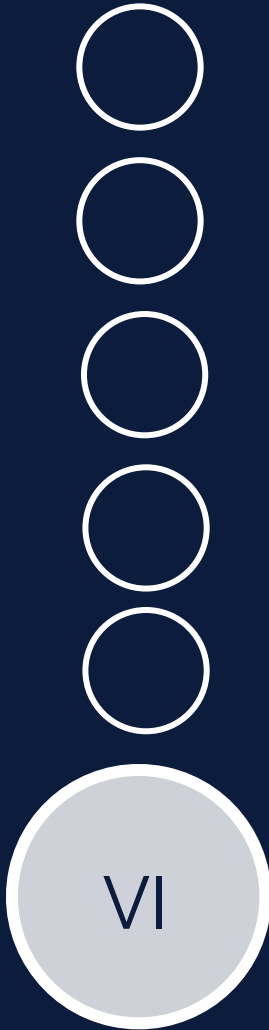
GIC Appropriation for Premium Accounts FY25 Budgeted vs. Actual to Date Cumulative



FY2025 State Share Premium Budget for GIC Premium Accounts as of November 30, 2024



	BUDGET	EXPENSES	Under Budget / (Over Budget)	% VAR
Basic Life & Health*				
Account #1108-5200 & #1599-6152	\$1,121,671,405	1,222,995,180	(\$101,323,775)	-9.0%
Active Dental & Vision Benefits				
Account #1108-5500	\$5,011,726	4,937,148	\$74,578	1.5%
State Share YTD	\$1,121,671,405	1,222,995,180	(\$101,323,775)	-9.0%



OTHER BUSINESS / ADJOURNMENT

Valerie Sullivan, Chair
& **Matthew Veno**, Executive Director

2024 Group Insurance Commission Meetings & Schedule

January 18	February NO MEETING	February 29	April NO MEETING	May 16
June 20	September 19	October NO MEETING	November 21	December 19

Unless otherwise announced in the public notice, all meetings take place from 8:30 am - 10:30 am on the 3rd Thursday of the month. Meeting notices and materials including the agenda and presentation are available at mass.gov/gic under Upcoming Events prior to the meeting and under Recent Events after the meeting.

Please note:

- Until further notice, Commissioners will attend meetings remotely via a video-conferencing platform provided by GIC.
- Anyone with Internet access can view the livestream via the MA Group Insurance Commission channel on YouTube. The meeting is recorded, so it can be replayed at any time.

Note: Topics and meeting dates are subject to change

Appendix

Commission Members

GIC Leadership Team

GIC Goals

GIC Contact Channels

Commission Members



Valerie Sullivan, Public Member, Chair



Bobbi Kaplan, NAGE, Vice-Chair



Michael Caljouw, Commissioner of Insurance



Matthew Gorzkowicz, Secretary of Administration & Finance



Elizabeth Chabot, NAGE



Patricia Jennings, Public Member



Edward Tobey Choate, Public Member



Eileen P. McAnneny, Public Member



Tamara P. Davis, Public Member



Melissa Murphy-Rodrigues, Mass Municipal Association



Jane Edmonds, Retiree Member



Jason Silva, Mass Municipal Association



Joseph Gentile, Public Safety Member



Anna Sinaiko, Health Economist



Gerzino Guirand, Council 93, AFSCME, AFL-CIO



Timothy D. Sullivan, Massachusetts Teachers Association



Catherine West, Public Member

GIC Leadership Team

Matthew A. Veno, Executive Director

Erika Scibelli, Deputy Executive Director

Emily Williams, Chief of Staff

James Rust, Chief Financial Officer

Paul Murphy, Director of Operations

Andrew Stern, General Counsel

Stephanie Sutliff, Chief Information Officer

Brock Veidenheimer, Director of Human Resources

GIC Goals

1

Provide access to high quality, affordable benefit options for employees, retirees and dependents

2

Limit the financial liability to the state and others (of fulfilling benefit obligations) to sustainable growth rates

3

Use the GIC's leverage to innovate and otherwise favorably influence the Massachusetts healthcare market

4

Evolve business and operational environment of the GIC to better meet business demands and security standards

Contact GIC for Enrollment and Eligibility

- Enrollment**
- Retirement**
- Premium Payments**
- Qualifying Events**
- Life Insurance**
- Long-Term Disability**
- Information Changes**
- Marriage Status Changes**
- Other Questions**

Online Contact	mass.gov/forms/contact-the-gic	Any time. Specify your preferred method of response from GIC (email, phone, mail)
Email	gicpublicinfo@mass.gov	
Telephone	(617) 727-2310, M-F from 8:45 AM to 5:00 PM	
Office location	1 Ashburton Place, Suite 1413, Boston, MA, Not open for walk-in service	
Correspondence & Paper Forms	P.O. Box 556 Randolph, MA 02368	Allow for processing time. Priority given to requests to retain or access benefits

Contact Your Health Carrier for Product and Coverage Questions

- Finding a Provider
- Accessing tiered doctor and hospital lists
- Determining which programs are available, like telehealth or fitness
- Understanding coverage

Health Insurance Carrier	Telephone	Website
Mass General Brigham Health Plan	(866) 567-9175	massgeneralbrighamhealthplan.com/gic-members
Harvard Pilgrim Health Care	(844) 442-7324	point32health.org/gic
Health New England	(800) 842-4464	hne.com/gic
Tufts Health Plan (Medicare Only)	(855) 852-1016	Tuftshealthplan.com/gic
Wellpoint		
Non-Medicare Plans	(833) 663-4176	wellpoint.com/mass
Medicare Plans	(800) 442-9300	