

**GROUP INSURANCE COMMISSION MEETING**  
**Thursday, December 15, 2022**  
**8:30 A.M. – 10:30 A.M.**

Meeting held remotely through online audio-video platform (ZOOM), accessible  
through YouTube

**MINUTES OF THE MEETING**

NUMBER: Six hundred seventy-one  
DATE: December 15, 2022  
TIME: 8:30 a.m.  
PLACE: The Meeting was held virtually

**Commissioners Present:**

VALERIE SULLIVAN (Chair, Public Member)  
BOBBI KAPLAN (Vice Chair, NAGE)  
MICHAEL HEFFERNAN (Secretary of A&F) Designee Cassandra Roeder  
GARY ANDERSON (Commissioner of Insurance) Designee Rebecca Butler  
ELIZABETH CHABOT (NAGE)  
ADAM CHAPDELAINE (Massachusetts Municipal Association)  
EDWARD T. CHOATE (Public Member)  
TAMARA P. DAVIS (Public Member)  
JANE EDMONDS (Retiree)  
JOSEPH GENTILE (AFL-CIO, Public Safety Member)  
GERZINO GUIRAND (Council 93, AFSCME, AFL-CIO)  
PATRICIA JENNINGS (Public Member)  
EILEEN P. MCANNENY (Public Member)  
MELISSA MURPHY-RODRIGUES (Massachusetts Municipal Association)  
ANNA SINAIKO, Ph.D. (Health Economist)  
TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)

**Commissioners Absent:**

CHRISTINE HAYES CLINARD, ESQ. (Public Member)

## **Call to Order**

Chair Valerie Sullivan called the Meeting to order at 8:30 a.m. The Chair reviewed the names of commissioners in attendance. The Chair then turned the meeting to Executive Director Matthew Veno to review the agenda. After he outlined the meeting's schedule, the Executive Director turned the meeting back to the Chair who called for a motion to approve the minutes of the previous meeting.

### **I. Approval of Minutes**

Vice Chair Bobbi Kaplan moved to approve the November 17, 2022, meeting minutes, as presented, which was seconded by Commissioner Chabot. A roll call vote was taken by GIC General Counsel Andrew Stern and passed unanimously by members voting.

### **II. Executive Director's Report**

The Chair turned the meeting over to the Executive Director to discuss the Executive Director's Report. He highlighted two points from the written report: the all-staff meeting scheduled for December 17, 2022, and a report on the closing of one legislative session and a look towards a new legislature and new gubernatorial administration. He then opened the floor to questions.

The Chair asked how conversations were going with health plans for the upcoming contract season. The Executive Director noted that while there was a tremendous amount of work going on between GIC staff and the health plans, much of it could not be discussed publicly yet. However, he explained that there were a wide variety of plan details that were being discussed prior to the contracting process and that plan design changes would be reviewed during the January 2023 Commission meeting.

- **Calendar**

The Executive Director reviewed the 2023 calendar, focusing on the remaining six months of FY23 before the summer break and FY24.

### **III. Pharmacy Benefit Procurement (VOTE)**

The Executive Director then turned the meeting over to the team presenting on the Pharmacy Benefit Manager (PBM) procurement, beginning with CFO Jim Rust. Mr. Rust began by reminding the Commission that this procurement has been in process for about six months,

and that the new products will become active on July 1, 2023. Mr. Rust reviewed the guiding principles of the procurement, and then turned the meeting over to Jannine Dewar, the GIC's Pharmacy & Ancillary Benefits Manager.

Ms. Dewar reviewed the current PBM vendors for active and Medicare members, Express Scripts and CVS Caremark/Silverscript, respectively. She also reviewed the background before introducing Deven Shah, a Senior Director at Willis Towers Watson (WTW), to discuss the scoring process. Mr. Shah explained how the different vendors performed across all scoring categories. He further outlined the cost assessment process based on bids received from the vendors. After his review, he paused for questions. There were no questions and the Chair returned control of the meeting to Ms. Dewar. Ms. Dewar presented the PBM procurement team's recommendation of CVS as the vendor for both non-Medicare and Medicare eligible GIC members. She reviewed the steps that would be taken prior to FY24 should the Commission vote to approve this recommendation. She then opened the floor to questions.

A commissioner asked whether having a single vendor would result in any additional savings or efficiencies for the GIC, and the answer was that the savings or economies of scale were reflected in the cost proposals from the bidders. Additionally, having a single vendor would result in efficiencies on the GIC side, both for members and staff. Staff also confirmed that while there wasn't an enormous difference in the cost proposals between the first and second vendors in scoring, there will be a significant increase in value for the GIC compared to the current vendor contracts. During this discussion, staff and Mr. Shah described several market factors that impacted the pricing from the vendors, including the experience CVS has gained over recent years in the public sector, as well as the process of evaluating contract renewal as the initial term expires.

When discussion concluded, the Chair entertained a motion to vote on the approval of CVS/Caremark as the apparent successful bidder for active and retiree PBM benefit administration. A motion was made by the Vice Chair and seconded by both Commissioner Chabot and Commissioner Choate. The Chair invited GIC General Counsel to call the roll for the vote, which passed unanimously. The Executive Director thanked the Commissioners, the GIC staff, the WTW staff, and the bidders for a positive and productive procurement. These sentiments were echoed by the Chair.

#### **IV. Preliminary FY24 Rates (INFORM)**

The Executive Director welcomed Vincent Kane, a Senior Director and actuary at WTW to present on rates for the upcoming fiscal year. Mr. Kane explained his role in working with the GIC and the process that was undertaken to develop the premiums for all GIC products. He noted that out-of-pocket costs such as office visit copays are not included in premiums. He walked through the weighted average budget increase for FY24 as it stands now, before plan design changes are applied, member behavior is incorporated, and the finalization of pharmacy projections. Based on Commission questions and discussion, Mr. Kane confirmed that there has been slight reduction over the last several fiscal years of the total non-Medicare enrolled population and an increase in the Medicare population, which reduces cost over time as Medicare premiums are lower. He also reviewed the unit cost drivers. He then opened the floor to questions. In response to a question, Mr. Kane provided clarification of how inflation acts as a unit cost driver.

#### **V. Stewardship Report (INFORM)**

The Executive Director invited Ms. Dewar and Mr. McBean to provide information on the FY22 Stewardship Meetings, which were held late October through early December. Mr. McBean reviewed highlights of the medical benefit cost and utilization trends leading to a discussion around access, inflation, and how market consolidation had affected cost increases. The Executive Director then emphasized the challenges that are being faced by the health plans as pressure from providers and provider systems continues to drive increases in GIC's costs and therefore premiums. The Chair expressed that these rate increases have been the steady trend over her tenure with the GIC and that it could be beneficial to the Commission to see details around how health plans are innovating to keep consumer costs down while meeting provider rate increases.

Mr. McBean then turned the meeting over to Ms. Dewar who presented highlights of the pharmacy benefit stewardship meetings, noting that spending on specialty drugs continued to be the biggest cost-driver within the market. She opened the floor to questions and comments. Commissioner Choate raised concerns around the increase in the use of recently approved specialty drugs for weight loss, and suggested that the GIC encourage the use of other tools for members to achieve and maintain a healthy weight. There was also a request for more information about the number of denials, denial appeals and overturn of denials for specialty drugs. Mr. Shah explained how prior authorization requirements are generally in place for these medications and provided general statistics regarding these rates.

## **VI. Municipal Program Update (INFORM)**

Michael Berry, GIC Director of Government Affairs, presented a review of the Municipal Insurance Program. Mr. Berry reviewed the 48 municipalities and regional entities that were currently enrolled with the GIC, totaling almost 69,000 subscribers. He noted that 11 municipalities were up for renewal in 2022, 10 of which chose to remain with the GIC, and 19 municipalities or entities will be up for renewal during 2023, representing just over 28,000 members. Mr. Berry opened the floor to questions. He clarified that since the GIC does not tailor its offerings to retain municipalities, it can be difficult for the GIC to compete for business should an entity decide that it desires a change. Mr. Berry noted that while the GIC cannot tailor its plans to keep or attract municipalities, it does engage in thorough and effective communication with municipal leaders to answer questions and provide the details they need to make decisions.

- **Municipal Administrative Bulletin**

The Executive Director turned the meeting over to the GIC General Counsel to review the rationale for, and draft of a proposed administrative bulletin affecting municipalities joining the GIC through c.32B, § 19. The General Counsel reviewed the statutory language and current guidance for a municipality or entity joining the GIC under this section. He then detailed the proposed changes, specifically around section 19(g) and the municipality's flexibility in setting contribution ratios for GIC products, responding to inquiries that have been made regarding employee contributions. Opening the floor to questions, the General Counsel addressed that while he views this change as a win-win situation, this presentation and discussion was a response to the issue having been raised by municipal consultants numerous times over the last few years. He encouraged a discussion among the Commissioners to determine if they had any concerns about, or objections to, the proposed changes. The discussion provided several points of concern for the GIC to follow up on while gathering more information to present to the Commission at a later date.

## **VII. CFO Report (INFORM)**

The Chair then turned the meeting over to the CFO Jim Rust for his brief report. Mr. Rust commented that as of November 30, the GIC was 2.5% under budget for the fiscal year. He welcomed questions from the Commissioners.

## **VIII. Other Business and Adjournment**

The Chair opened the floor to new business. The General Counsel reminded the Commissioners that the procurement memo was still confidential at this point in the process. The Executive Director thanked the Commissioners for their work throughout the year and wished them happy holidays. The Vice Chair complimented the entire staff of the GIC for all their work, particularly through the procurement process.

There being no further business, the Chair adjourned the Meeting at 10:32 A.M.

Respectfully submitted,

Matthew A. Veno  
Executive Director