**GROUP INSURANCE COMMISSION MEETING**

**Thursday, December 19, 2024**

**8:30 A.M.-10:00 A.M.**

Meeting held virtually through online audio-video platform (ZOOM) and accessible on the GIC’s YouTube channel.

**MINUTES OF THE MEETING**

NUMBER: Six hundred and eighty-seven

DATE: December 19, 2024

TIME: 8:30 A.M.

PLACE: Meeting held virtually through online audio-video platform (ZOOM) and accessible on the GIC’s YouTube channel

**Commissioners Present:**

VALERIE SULLIVAN (Chair, Public Member)

BOBBI KAPLAN (Vice Chair, NAGE)

MATTHEW GORZKOWICZ (Secretary of Administration and Finance) Designee:  Dana Sullivan

MICHAEL CALJOUW (Commissioner of Insurance) Designee: Rebecca Butler

EDWARD T. CHOATE (Public Member)

TAMARA P. DAVIS (Public Member)

JOSEPH GENTILE (AFL-CIO, Public Safety Member)

JANE EDMONDS (Retiree)

GERZINO GUIRAND (Council 93, AFSCME, AFL-CIO)

EILEEN P. MCANNENY (Public Member)

MELISSA MURPHY-RODRIGUEZ (Massachusetts Municipal Association)

ANNA SINAIKO, Ph.D. (Health Economist)

JASON SILVA (Massachusetts Municipal Association)

TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)

CATHERINE WEST (Public Member)

**Commissioners Not Present:**
ELIZABETH CHABOT (NAGE)

PATRICIA JENNINGS (Public Member)

**I. Agenda & Minutes Vote**

At 8:30 A.M. Chairperson Valerie Sullivan gave opening remarks. The General Counsel announced the attendance of Commissioners. The Executive Director, Matthew Veno, provided an overview of the agenda. A motion was made by Commissioner McAnneny and seconded by Commissioner Choate to approve the Minutes from November 21, 2024 meeting. The vote passed unanimously of the voting members with Designee Sullivan abstaining.

**II. Executive Director’s Report**

The Executive Director presented his monthly report. Vice Chair Kaplan had a question about the information sessions and wanted to know why there were fewer than previous years. She also requested to either add on or reschedule one for lunch time which, she stated, is a convenient time for her constituents.

The Deputy Executive Director, Erika Scibelli, explained that the GIC was offering the same amount of sessions from last year. She said that the GIC purposefully scheduled a morning, evening, and a lunch time session. All sessions will be recorded and available online afterwards.

Commissioner Edmonds asked that, since the GIC looks at the data of session, the demographics for the sessions be analyzed as well. She asked if information was captured on who may be viewing the recordings or live sessions, noting that this may inform the GIC whether there are groups who are not being reached. Deputy Executive Director Scibelli said she would see what data YouTube offers, but suspects that our ability to know demographics is quite limited.

**III. Dental & Vision Procurement Recommendations**

The Executive Director turned the meeting over to Chief Financial Officer (CFO), James Rust. The CFO introduced the Dental and Vision procurement lead, Jannine Dewar.

Ms. Dewar provided an overview of the Dental and Vision procurement and what led to the recommendation, noting that there were three dental bids and two for vision. MetLife (partnering with Davis Vision, Altus (partnering with VSP), and Point32 were the bidding entities. MetLife/Davis and Altus/VSP were invited to interview. The Procurement Team recommended Altus for both lines of insurance.

The Vice Chair asked about networks and how the Altus network compared to that of MetLife, particularly in more rural areas and in the Western part of the Commonwealth. Ms. Dewar stated that the networks are quite comparable in size and scope. She noted that the bidders were required to complete and submit the results of a GeoAccess analysis. The Executive Director commented that no network will include all dentists, but the GIC has a high level of confidence that members will have convenient access to providers who are close by.

Ms. Dewar added that the GIC plan includes extensive out-of-network benefits, so even for out-of-network providers, members are likely able to see them without a large disparity of cost. She then presented the rates, which are the administrative fees, not the premiums for members.

The Chair asked for a motion to approve Altus as the apparent successful bidder for dental and vision benefits. Commissioner Choate motioned and Commissioner West seconded. The General Counsel took a roll call vote. The motion passed unanimously by all voting members. Commissioner Davis was unavailable at the time of the vote and did not cast a vote.

**IV. FY2026 Preliminary Cost Increase**

The Executive Director introduced speakers from Willis Towers Watson (WTW), Vince Kane and Dr. Jeff Levin-Scherz. Mr. Kane presented the expected Fiscal Year 26 (FY26) budget increases for medical and pharmacy coverage. He noted that the full cost premiums presented include both the member portion and the portion that the state pays, but does not include out-of-pocket costs such as copays and deductibles. He stated that to make these projections, they obtain data from the GIC’s plans based on the current year and extrapolate to estimate for the coming year. The Medicare Advantage plan is estimated differently, as it is the only fully-insured health plan the GIC offers. Mr. Kane presented some of the market dynamics influencing the healthcare costs including the following: general inflation, incremental healthcare inflation, use and service mix, GLP-1 drugs, and the expanded Medicare pharmacy benefit (EGWP-Part D). The Part D plan will have a design that is more traditional, but the benefit has been enhanced. He noted, for context, that the Federal Employee Benefits Plan announced their expected increase of 11.2%, citing provider price increases, increasing use of expensive medications and behavioral health services. Also, for context, in the Massachusetts Merged Market, the increase for calendar year 2025 is estimated to be just under 8%. Other states are seeing 7-18% increases. In general, healthcare costs are vastly outpacing growth in the overall economy.

Commissioner Sinaiko asked why the GPL-1s experience is different in the public sector. Mr. Kane said that it is likely because the public sector’s population skews older, and many members may not be eligible for Medicare. There are also fewer High Deductible Health Plans (HDHP), he said, and generally public sector plans offer richer benefits. He noted one critique of the survey results is that coverage of GLP-1 medications is not reported in terms of covering GLP-1s for obesity versus only covering the medication for diabetes treatment.

Commissioner McAnneny said that there is not an insignificant percent of entities coming in under budget. She asked if there are lessons to learn from that. Mr. Kane stated that costs are a concern for all plans, regardless. He stated that what drives some of the emerging outcomes includes but is not limited to high costs and unexpected claims. He also stated that some of it cannot be explained, and some is merely claims volatility for a given year. Also, about 14 percent of responding organizations are small employers which tend to be under budget. He further noted that industry consolidation and labor shortages, among other things, have contributed to growth and, overall, organizations were leaning towards costs being over budget.

Dr. Levin-Scherz presented on utilization and service mix. He noted that healthcare costs have been growing rapidly for a few years. Medical innovation contributes to this, he said, as improved treatments are more expensive but, also, allow the patient to live longer. Utilization and unit costs are both on the rise. Substance Use Disorder (SUD) treatment costs are going up, as well as pharmacy costs. He then gave a short overview of GPL-1 medication treatments and costs, and summarized reasons for the exponential rise of costs and use of these medications. Dr. Levin-Scherz underscored that obesity is a metabolic disease and the traditional approach of “eat less and exercise more” is simply not effective for people who have obesity. He stated that for both diabetes and obesity, these medications are highly effective in treating those conditions and lowering risks for other associated diseases and complications.

Commissioner McAnneny asked about any realized cost savings with use of these medications. Dr. Levin-Scherz noted that there is not cost savings and part of the issue is the price of the drug. If the cost of the medicine were lower, saving on hospitalization and treatment of other issues might be actualized. He emphasized that it is not just cost savings that is important for these medications, but the improved quality of life for people who take them. He noted that in the last 10 years, there has been a huge drop in cardiovascular events, yet there has been no reduction in costs. In other words, the cost of lowering the bad outcome was more than the cost of treating the disease but provided a better and longer life.

The Executive Director pointed out that this lack of cost saving is particularly true of the United States and not necessarily true of other countries where the costs of the drugs are far less. Dr. Levin-Scherz underscored that point.

Commissioner Edmonds asked, if the drugs have been around for years and savings are not being seen, does that mean only those with financial means are accessing the medications. She asked if those people with less economic means are missing out and still getting the complicating diagnoses.

Dr. Levin-Scherz said that evidence has shown that the socioeconomically disadvantaged groups are not obtaining these medications at the same rate and have much higher need of it, as they have much higher rates of obesity and diabetes. Healthcare costing too much is a social justice issue, he stated. Commissioner Edmonds agreed that it is a social justice issue.

Commissioner Davis asked, if the GLP-1 medications have been used for diabetes, why there are still so many persons with diabetes who are also obese. She asked if the new versions of the drugs are formulated differently.

Dr. Levin-Scherz stated that the earlier versions improved A1C results and controlled diabetes but were less effective for weight loss. The new medications, he went on, are slightly different and their formulations treat obesity far more effectively. The older medications promote roughly 5% weight loss, and the new ones are roughly 15-25% weight loss.

Commissioner Davis asked if GLP-1s are approved for children. Deven Shah, of WTW, noted they are approved for children over 12 years of age. Additionally, he pointed out that other pertinent differences between the old and new medications are that the old medications were daily injectables and the newer medications are far more potent and taken once a week.

Commissioner McAnneny stated concern that 40% of adults would qualify for obesity treatment of the drugs. She asked if people are born with obesity or if it is environmental. Dr. Levin-Scherz stated that it is both. Obesity during pregnancy influences genetic predisposition to obesity, he said, and there is a genetic factor. He said there are also environmental factors. He concluded that it is a complex problem that needs a complex solution, but the medications are definitely a powerful tool.

The Executive Director said that, under different circumstances, we might all celebrate these drugs, but the pricing of the drugs is deeply concerning. He stated that there are so many other urgent needs and it is a challenge to properly allocate money when much of it is being eaten up by one thing, such as these medications.

Mr. Kane presented the projected budget increases. GIC is expected to see between 8.5%-12.5% increases, depending on the plan, he said. The expected aggregate increase is 10.5%. He noted that these number are all preliminary at this stage.

**V. CFO Report**

The CFO then presented his report. He stated that in every month this fiscal year the GIC spend has been over budget. He noted that this is the largest variance he has experienced during his time at the GIC. He said that the GIC will be seeking supplemental funding, estimated around $280,000,000.00

**VI. Other Business and Adjournment**

The Executive Director noted that there were no additional planned topics and asked if Commissioners had questions.

Commissioner McAnneny asked if the 10.5% expected increase is taking into account the continued growth for this year. Mr. Kane said yes.

Designee Butler stated that these GIC trends are not unique and DOI observes that the commercial market is seeing the same thing, often worse.

Commissioner Gentile asked if the Executive Director could comment on the recent issues with WellPoint and Baystate contract negotiations and whether contentious negotiations will happen more frequently.

The Executive Director said that the climate and marketplace right now for rate negotiations between providers and carriers is an unprecedented challenge. He stated that, routinely, providers are asking for double digit increases. He said that if providers continue to demand such large increases, contentious negotiations will continue, and could lead to contract terminations.

Vice Chair Kaplan stated concern about the lack of primary care providers and the trend of primary care providers moving, increasingly, into boutique practices. She asked if this has impacted the GIC’s costs. The Executive Director noted the GIC has made it clear to their plans that increasing primary care is an GIC objective and they want to see more funds directed to primary care. Unfortunately, and more frequently, provider systems are pressing to allocate less money to primary care and more into sick care.

Dr. Levin-Scherz added that many primary care residency spots are not being filled and the whole US will have a serious and problematic shortage of primary care doctors around 2033. There is a Commonwealth Fund study, he noted, showing that many primary care doctors are feeling burned out and are leaving practice.

The Executive Director said payment reform aimed to incentivize providers to keep the member well and invest in primary care, but that has not been proven to be successful. The Chair said that a few Commissioners wanted to request a follow-up session with the Health Policy Commission.

Commissioner Choate motioned to adjourn and the Vice Chair seconded. There was a unanimous vote to adjourn.