

GROUP INSURANCE COMMISSION MEETING

Thursday, February 29, 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 eighty
DATE: February 29, 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: Cassandra Roeder
GARY ANDERSON (Commissioner of Insurance) Designee: Rebecca Butler
JOSEPH GENTILE (AFL-CIO, Public Safety Member)
TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)
EDWARD T. CHOATE (Public Member)
TAMARA P. DAVIS (Public Member)
EILEEN P. MCANNENY (Public Member)
PATRICIA JENNINGS (Public Member)
JASON SILVA (Massachusetts Municipal Association)
MELISSA MURPHY-RODRIGUEZ (Massachusetts Municipal Association)
ANNA SINAIKO, Ph.D. (Health Economist)
ELIZABETH CHABOT (NAGE)
JANE EDMONDS (Retiree)
GERZINO GUIRAND (Council 93, AFSCME, AFL-CIO)

The meeting opened at 8:30a.m. Chairperson Valerie Sullivan gave opening welcome remarks and noted that there will be a report on listening sessions by Deputy Executive Director Erika Scibelli and that the Chief Financial Officer, James Rust and the Director of Health Policy and Analytics, Margaret Anschutz, will present on the rates. She stated that there will be three (3) votes.

The Chair asked for a motion to approve minutes. Commissioner Edmonds motioned to approve and Commissioner Choate seconded the motion. General Counsel Andrew Stern took a roll call vote. All Commissioners voted in the affirmative and the motion passed unanimously.

The Executive Director, Matthew Veno, provided an update on staffing changes. He assured that work had been proceeding smoothly for both Annual Enrollment and for the new hire reduced waiting time change going into effect on July 1.

Commissioner Edmonds thanked the Executive Director for including a written report in the materials for Commissioners. She stated that having that report provides a chance for Commissioners to think about questions prior to the meeting.

The Executive Director reminded the Commissioners that there won't be meetings in March and April and the next meeting will be on May 16, 2024. He stated that the Commission will be asked to approve GIC Trust Fund Spending, be presented with a data report, and an update on work to reduce the waiting period for new hires. He also stated that there will be a vote on the updated regulations the Commission previously reviewed. In June, he said, the Commission will receive a report on Annual Enrollment and CHIA will present a prescription drug report.

Vice Chair Kaplan asked a question on provider data. Commissioner Edmonds asked how many active members became retirees.

The Executive Director noted that the team had been trying to gather the information being asked about and will provide that to Commissioners as soon as possible. The Executive Director then turned the meeting over to the Deputy Executive Director, Erika Scibelli.

The Deputy Executive Director reminded the Commission that every year Public Information Sessions are held for members and many coordinators attend. The sessions update members on what they can expect in the coming year. Three virtual sessions were held and there was excellent attendance. Overflow registrants could listen in by streaming the session on YouTube; however, those on YouTube could not ask questions. There were a lot of great questions and staff addressed as many as possible, live in the written Q&A function, and many verbally as well. Where questions could not be immediately answered, contact information was taken in order to get back in touch with the member. This year, there were more registrants than last year, but fewer attendees. Anyone who registered was sent a follow up email detailing the highlights.

Vice Chair Kaplan stated that only about 50% of the registrants actually attended and that the percentage of attendees and registrants is a small percent of all stakeholders. She wondered if there a way to find out why people aren't attending. She asked if people are going to the website and benefit guides instead.

The Deputy Executive Director acknowledged that it's a tough question to answer without being in the heads of all the subscribers. She said it would be interesting to look at the data for website traffic and the GIC staff would look into it and follow up.

The Executive Director believes that there have been significant strides in member engagement, but that there is still a much larger audience, some of whom are reached with other materials. He noted that the Deputy Executive Director and he have other ways to deploy the engagement tools that were so effective during procurement for other member education needs. He shared that the hope is to acquire machine learning tools with IT capital funds to understand how members are using the portal.

Commissioner Edmonds observed that, looking at the numbers, there is a question of whether there is disproportionate impact and/or outreach to retirees. She said she is curious about themes and concerns that were raised. She also wanted to know what geographic areas the attendees and registrants come from.

The Executive Director stated that he wants to make sure members have the information they need and are not caught off guard by any changes that are being made.

Relating to Commissioner Edmonds' inquiry, the Deputy Executive Director presented slides showing the common themes and concerns that were raised in the Information Sessions, noting that the majority across all sessions are retirement questions. Anecdotally, she said, it seemed as if a lot of the attendees are either retired or nearing retirement. Last year, she continued, links were provided to partners to send out which provided information on which partnerships were especially helpful for getting the word out.

The Executive Director noted that there were also many basic questions around how insurance works. That highlights, he continued, that members need much more education on benefits.

The meeting then moved to the rate discussions.

The Chief Financial Officer (CFO), James Rust, stated that the presented rates are for Fiscal Year 2025 (FY25), including dental/vision, health plans, subsidies for Elderly Government Retirees (EGRs), and the municipal administration fee.

He introduced the dental and vision rates, noting that they are contractually set and therefore do not require a Commission vote. He set out individual vision rates, and combined rates for both the retiree and active members. He also presented the member monthly costs. He noted that the coming year will be the 4th year of the contract with MetLife.

Next, he presented the EGR subsidies. These funds reduce the costs for EGR members. He noted that there are currently only 2 people in this group, and that they have been retired for many years. He presented the current and some historic rates. He requested that the Commission approve the use of funds as presented, noting that the GIC would keep the rates at this level going forward, permanently, and only come back if there is a need to change.

Commissioner Eileen McAnneny asked how old the retirees are.

The CFO said they have been retired for 40-50 years, but they could be remarried or a survivor.

The Chair asked, once there are no more members, whether there is a by-law that says how the funds will be used.

The CFO noted that these are employee funds, so they would not revert to the state. If there is money left after no more members are living, he continued, the GIC would come to the Commission with a proposal to add those funds to a member-contribution fund.

The Chair then asked for a motion. The Vice Chair moved approval and Commissioner McAnneny seconded the motion. The General Counsel then took a roll call vote. All Commissioners present voted to approve the request and the motion passes unanimously.

The CFO informed the Commission that Point 32 has acquired Health New England (HNE), subject to regulatory approval. He said that HNE will continue to be offered in FY25 and likely beyond. Members in HNE, he noted, do not need to take any action. He then informed the Commission that UniCare has renamed themselves WellPoint. He reminded the Commissioners that the GIC encourages all members to shop during annual enrollment, but nobody needs to do anything if they wish to remain in their current plan.

The Chair repeated that she encourages shopping for members. The Executive Director said that during the member information sessions, staff drove home the importance of shopping for plans. With significant rate increases this year, the Executive Director said, there are likely options with lower premium than their current plan.

He continued, acknowledged that the rate increases proposed today are significant for both members and the Commonwealth and noted that there need to be new statewide strategies to contain the drivers of premium increases. He assured Commissioners that the GIC is doing everything within its authority, working with colleagues across state government, to address these emerging trends. He suggested that though the increases are large, he encourages approval, noting that voting in favor is not agreement that rate increases are acceptable. When faced with rising premiums, he noted, most private employers are increasing member cost sharing, but that the GIC has resisted doing that.

Margaret Anschutz, the Director of Health Policy and Analytics, presented on rates for health plans. She started by saying that Willis Towers Watson develops rates annually, based on anticipated changes. She reminded Commissioners that no plan changes were made. She then provided an overview of the rate setting process. She noted that the weighted average increase was 8.5% across the various plans. She then reviewed some defined terms, such as premiums and self-insured, before presenting on what is believed to be driving the increases. Specifically, she noted, provider consolidation and rising prescription drug costs are the primary drivers of increases. The increase that a member will see, she continued, depends on the plan they are enrolled in. On the low end, she said, members will see 1-2% increase in their current plans, but that the high end is over 10%. She stated that 13% of enrollees will experience a rate increase of 10% or more. She stated that 45% of members are expected to see a rate increase of less than 5%.

She said that non-Medicare plans have a weighted average increase of 9.5%. The highest increase, she continued, will be Wellpoint Total Choice, at 11.7% and the lowest will be Health New England at 5.9%.

She continued, stating that the Medicare plans average weighted increase will be 4.1%. She then presented the member contributions for state employee Medicare plans.

The Vice Chair asked how many members fall into the 10% - 15 % range. Ms. Anschutz said she will follow up with data.

The Vice Chair then noted that Community Choice is a narrow plan and has a very high increase. She said that people choose that plan to save money and pay less. She highlighted that the Medicare increase impacts members, noting that retirees don't receive any meaningful increases. She emphasized that policy makers have decided that only the first \$13,000.00 of a member's pension receives any cost of living increases approved by the legislature; therefore, the value of the pension decreases over time.

The Vice Chair then said that she appreciated Matt's comments on the efforts going on to keep costs down. She also said that while the labor Commissioners appreciate that the plan designs are remaining the same, and member cost share is not increasing, the increases of premiums when compared to state employee salaries, which are not being increased at nearly the same rate, is a burden for state workers.

Commissioner McAnneny agreed that the rate increases are concerning and unsustainable. She said she agreed with the Executive Director's comments that systemic change is necessary to make premiums sustainable. Members, she emphasized, are losing discretionary income and have less access as a result of the increases.

Commissioner Elizabeth Chabot echoed what Vice Chair Kaplan and Commissioner McAnneny mentioned. This is a huge concern for members. Between healthcare and daycare, she continued, members are struggling financially. She noted that while she appreciates what the Executive Director said, she wanted to lend support to Vice Chair Kaplan's and Commissioner McAnneny's positions.

Commissioner Choate asked what the administration's reaction to these rates was and how it would impact the state budget.

The Executive Director said that he would not presume to speak on behalf of the administration. He noted that while the GIC exists in state government, as a quasi-state agency, it reports to the Commission. The Executive Director said continues to advocate for the need for a health system approach to cost containment, for the GIC and the rest of the market.

Cassandra Roeder, designee for the Secretary of the Executive Office for Administration and Finance (ANF) said that she echoes the comments that have been stated. The increases are concerning, she said, from an affordability standpoint. She encouraged the GIC to continue to monitor the trends very closely in the coming months and place any possible solutions that they can take on the Commission's agenda going forward. She said these are important conversations that the Commission should be having. She assured that ANF is keeping a close eye on things in the next months and next few fiscal years. She thanked the GIC team for their hard work.

Commissioner Edmonds noted that, regarding the retirees, there is a clear sense of wanting to work with the GIC to curb cost increases. She appreciated the thoughtful approach taken to help keep costs low for retirees.

Rebecca Butler, Designee for the Commissioner of the Division of Insurance (DOI), said she echoed what others have said. She said she is grateful that GIC is monitoring the market. She noted that the administration and agencies are working hard to deal with this the best that they can.

The Chair encouraged the GIC to be as aggressive as possible to find new ways to engage with members and our plans. She then entertained a motion to approve the rates. Commissioner Tamara Davis made a motion and the Vice Chair seconded the motion. The General Counsel took a roll call vote. The motion passed by majority, with Commissioners Kaplan, Chabot, Gentile, Guirand and Sullivan voting no.

[Commissioner Silva left the meeting.]

The CFO then asked for approval on the Municipal Administration Fee. He said the request is unchanged from last year, 0.3% of the full cost premiums for Municipalities.

Chair Sullivan asked whether the Commission could charge 1% to help offset the cost increases.

The CFO answered that there is a cap on how much can be collected, so even if 1% was charged, the increase would not accrue to the GIC, but would revert to the General Fund.

The Chair then invited a motion for a vote. The Chair started the voting by announcing hers. The General Counsel took a roll call vote which passed unanimously.

The CFO then stated that a notice will be posted to CommBuys to procure a dental/vision consultant during the before the next Commission meeting.

The Chair called for any other business and, hearing none, asked for a motion to adjourn. Commissioner Gentile moved to adjourn and Commissioner McAnney seconded. The vote to adjourn was unanimous.

The meeting was adjourned at 10am.