



MEMBERS FIRST

ANNUAL REPORT: FISCAL YEAR 2019 ▶

The Group Insurance Commission (GIC) serves over 462,000 members, including active state and municipal employees, retirees, active and retired municipal teachers, dependents and survivors. Our members live in the Commonwealth's cities and towns and across the United States, and perform a variety of occupations in many different industries. As the Commonwealth's largest purchaser of health insurance, the GIC is deeply committed to fulfilling the mission of providing our members and their families with high-value health and benefits options at an affordable cost. This charge drives our member-centered, member-focused approach. We are modernizing our operation and taking steps to develop digital tools that enable members to make the best benefit decisions for themselves and their families. This FY2019 Annual Report, "Members First," details the progress we have made to date in this critical endeavor.

WHAT'S INSIDE



YEAR IN REVIEW



ABOUT THE GIC



FINANCIALS

YEAR IN REVIEW



The GIC Operations Department handled

174,197

calls in FY2019



Top 3 Reasons Members Called

1. Retirement/turning age 65
2. General benefit questions
3. Qualifying life events, deadlines, billing and payments

Bending the Cost Trend

For FY2019, the GIC was able to keep aggregate premium rate increases to zero percent in part due to the procurement of a new pharmacy benefit manager (PBM). Initial data points to significant cost avoidance between \$500 and \$750 million over the life of the GIC's PBM contract, accruing to the benefit of members and taxpayers



Where You Get Care Can Impact Your \$

According to the Health Policy Commission, spending is 20% higher for "healthy" GIC members with PCPs in academic medical center (AMC)—anchored groups — mostly due to higher outpatient spending



In FY2019, Benefit Strategies, the GIC's new vendor for its flexible spending account plan (FSA), provided the first fully-online enrollment in the GIC's history



Telemedicine consults for one health carrier more than quadrupled between 2018–2019.

// Rising medical costs for retirees are a major concern, and the GIC has their members' backs by working to control prescription drug and other health care costs. **//**

Jane C. Edmonds, GIC Commissioner (Retiree Member), Vice President, Programming and Community Outreach, Babson College



WHERE DO OUR MEMBERS LIVE?

All over, actually! The GIC serves retirees in 77 countries, including the United Kingdom, Taiwan, Netherlands, Germany and Ireland.

LETTER FROM OUR EXECUTIVE DIRECTOR



Dear Friends,

In FY2019, the GIC provided more than 460,000 employees and retirees, and their dependents and survivors with access to high quality, affordable health care benefits and ancillary benefit options. “Members First,” GIC’s annual report for FY2019, details the steps the GIC undertook to support our members’ health and well-being and to improve their experience navigating the complexities of the health care market while delivering value to our members and the Commonwealth’s taxpayers.

There is no question that finding the best health care benefit options is complicated. While we cannot remove all the complexity around health care, we can do our part. That is why GIC invested and will continue to invest in new technology that will reduce our dependence on costly and time-intensive, paper-based materials and make enrolling in and accessing benefit information easier and faster.

In FY2019, the GIC accomplished several goals that helped us control costs for members, including:

- Migration from a fully insured to a self-insured model to create the lowest possible margin for health plan administration
- Integration of health plan medical and behavioral health services to promote the individual and financial benefits of coordinated care
- Consolidation of prescription drug benefits yielding \$500 to \$750 million in cost avoidance over the three-year PBM contract

In addition, several changes were made in direct response to member feedback during expanded statewide listening session like reduction in out-of-pocket costs, including lowering copays for certain specialists and lowering deductibles for some regional and limited network products.

I hope you enjoy the second digitized version of our Annual Report. We look forward to collaborating in the coming year and increasing our ability to engage more directly with members.

Sincerely,



Joan M. Matsumoto | Interim Executive Director | Group Insurance Commission

Commonwealth
of Massachusetts

Charlie Baker
Governor

Karyn Polito
Lieutenant Governor

Joan M. Matsumoto
Interim Executive Director
Group Insurance Commission

2019 IN REVIEW

MODERNIZING TO BETTER SERVE OUR MEMBERS

The GIC is changing the way it does business, and is in the midst of a significant modernization effort that will transform it from a heavily paper-based operation to an online, future-driven organization. We have already made significant headway in this direction. Some examples:

Working with our health insurance carriers to increase the usage of new digital platforms such as web based member enrollment information, mobile health applications and text messaging capabilities.

Investing in new Customer Relationship Management (CRM) and E Signature tool (DocuSign) capabilities that will allow the GIC to provide better customer service and be more responsive to member needs. New functionalities will include online signature and improved record management capabilities.

Enhancing member education through the use of digital videos like "Turning 65," which provides guidance about benefits decisions members will have to consider. More videos are in the pipeline to help employees better understand the wide range of GIC benefits.



DID YOU KNOW?

In FY2019, the Commonwealth invested over **\$873 million** in member benefits.

// At a time when health care is increasingly expensive, the GIC has allowed Marblehead to benefit from the full purchasing power of the Commonwealth and stabilize dramatic premium increases that can occur when you're part of a smaller insurance pool. //

Jason Silva, Town Administrator, Marblehead

2019 IN REVIEW

MANAGING HEALTH CARE COSTS

The GIC works hard to provide high quality, affordable and sustainable benefits and protect our members against rising medical costs. Doing so is not without challenges. Hospital services, physician and pharmacy expenditures continued to be the largest categories of health care expenditures, a measure of total statewide health care spending in the Commonwealth.* That is why the GIC has used its power as the largest purchaser of health insurance in the Commonwealth to manage the rate of cost increases for our members. The GIC's health plans are about 8% more generous – and 10% more efficient – than those of the average large employer.** This means that the GIC offers above average benefits to its members, and has effectively managed the overall cost of health care relative to industry averages. The GIC has held the increase in member out-of-pocket costs to just 3.3% on average since 2017.

BENEFITS THAT ADD VALUE FOR OUR MEMBERS

Here are some of the ways the GIC provided members with access to meaningful choice, quality and value.

LAUNCH OF MASS4YOU BENEFIT

The GIC is committed to supporting members in all aspects of their lives. The GIC selected Optum as the new vendor for the Employee Assistance Program (EAP) benefit based on Optum's ability to meet members' diverse needs and offer overall value for a competitive price. The *Mass4YOU* program is available to all GIC benefits-eligible members and their dependents. *Mass4YOU* provides access to a number of resources and referrals to support members in work and in life, including counseling, child or elder care, financial or legal advice and more. Members can access these services by calling **1 (844) 263-1982** for 24/7 support, or by visiting www.liveandworkwell.com. All calls are confidential in accordance with the law.

* Center for Health Information and Analysis Annual Report on the Performance of the Massachusetts Health Care System, 2019

** Willis Towers Watson Financial Benchmarking Survey, 2019

// There is no question that joining the GIC has been a tremendous benefit to the Town of Lynnfield and its employees. Whether the issue is expanded choice, cost, flexibility or long term savings, the GIC comes out on top! With a unanimous vote to renew by our union and Selectmen, both labor and management clearly agree! //

Rob Dolan, Town Administrator, Lynnfield

// It is an honor to represent the hard working men and women of the Commonwealth. The GIC has meant stability in quality and cost for its members. //

*Joe Gentile, AFL CIO, GIC Commissioner
(Public Safety Member)*

BEHAVIORAL HEALTH INTEGRATION

At a time when stress, anxiety and depression are growing nationwide, having easy access to behavioral and mental health care is critical. Today, nearly one in five US adults lives with a mental illness*. Behavioral health is also a priority for many GIC members. For FY2019, the GIC integrated behavioral health benefits through members' existing health coverage. Members can now access behavioral and mental health providers directly through their health plan, rather than needing to coordinate with an additional vendor.

FSA PROCUREMENT

For FY2019, the GIC conducted procurement for the administration of its flexible spending account plan (FSA), which creates pre-tax savings for members' qualified health care and dependent childcare expenses. Benefit Strategies offers a robust online enrollment experience to allow members to easily enroll in and manage their accounts. To help drive member education and enrollment, Benefit Strategies also offered several webinar sessions about how to maximize FSA benefits. The new FSA benefit is beginning in FY2020.

// The GIC offers cities and towns access to competitive benefits that are affordable. As a town manager and GIC commissioner, I can attest to its value proposition in helping communities manage their health care costs. //

*Adam W. Chapdelaine, GIC Commissioner,
Town Manager, Town of Arlington
(Massachusetts Municipal Association Member)*

* According to the National Institute of Mental Health, 2017



DID YOU KNOW?

The top reasons that eligible GIC members and their dependents reach out to *Mass4YOU* EAP for help include anxiety, depression and legal issues, a service available at no extra cost.

PHARMACY BENEFIT CARVE-OUT

In 2019, the GIC negotiated a three-year pharmacy benefit manager (PBM) contract across all of its commercial health plans, granting the GIC a unified benefit and substantial discounts. This approach is expected to yield significant cost avoidance in the area of \$500 to \$750 million over the life of the GIC's PBM contract. Furthermore, this change was instrumental in achieving a zero percent aggregate premium increase for FY2019, a rare one-time occurrence that is almost unheard of in today's health care marketplace.

PREVENTING OPIOID ADDICTION

Pharmacy

The opioid epidemic is a public health crisis, particularly here in the Commonwealth. In FY2019, Express Scripts, the pharmacy benefit manager for active employees, and the GIC instituted a comprehensive opioid program that focused on preventing addiction. The steps taken included:

- New patient supply limitations
- Prior authorization requirements for long-acting opioids
- Prescriber/pharmacist education efforts

Shifting Dental Prescribing Patterns

MetLife, the carrier for the GIC's Dental plan, is helping combat the opioid crisis through collaborative efforts with their clients and pharmacy benefit managers. Twelve percent of all opioids prescribed are related to dental procedures and 100 million dental-prescribed opioids are left unused annually. The MetLife Dental Opioid Identification and Outreach Education program has helped reduce patient exposure to unnecessary opioids by identifying dentists with potentially inappropriate opioid prescribing behaviors. The program educates dentists about proper pain management and prescribing opiate alternatives, and monitors them for prescribing behavior change. As a result, MetLife has changed prescribing habits for over 60% of dentists who have been identified and educated through this initiative.



ADDING VALUE TO OUR MEMBERS

FLU VACCINE

The GIC offered its first flu shot clinic in October 2018 to help promote the benefits of flu vaccination and support member health and wellness. GIC members received a flu vaccine on site, and many others received free flu shots through their health plan or PBM. A flu vaccine is one of the best ways to prevent illness — at work and at home. In terms of lost productivity, consulting firm Challenger, Gray & Christmas reported that in 2018, the flu may have cost employers around \$9 billion. An on site flu clinic is just one way the GIC raises awareness about its member benefits.

LISTENING TO AND LEARNING FROM OUR MEMBERS

The GIC held five listening sessions in 2019. We received important feedback from our members about their benefits.

Members expressed concern over:

- The cost of health care rising faster than their wages
- Scarcity of in-network behavioral health providers and out-of-network costs
- Geographic provider deserts
- Desire for additional plan choices, including an Employee + One coverage level, more wellness programs and changes in plan design

The GIC received 153 comments via email alone from members expressing an interest in participating in listening sessions via webinar and other digital and online channels. These comments help the GIC form strategy and develop effective programs for our members.



GIC AT-A-GLANCE*



462,343
Total members



The GIC is the **single largest purchaser** of health insurance in the Commonwealth!

In FY2019, the GIC moved toward its long-term objectives by undertaking three initiatives:



Migration to Self-Insurance:
to lower health plan administrative costs for members and taxpayers



Behavioral Health Reintegration:
to facilitate an integrated approach to member care



Pharmacy Benefit Carve-Out:
to achieve cost avoidance by as much as \$750 million to benefit members and taxpayers



17 Commissioners

Appointed by the Governor
(including representatives from labor, retirees, business community and academia)

918

State, Regional, Municipal and Quasi-Public Member Agencies
(including Housing/Redevelopment Authorities, MWRA, MassPort, MBTA, etc.)



Budget:
\$2.1 billion



Gloucester Fisherman Memorial

* Unless otherwise stated, data in this report is current as of June 2019

MEET OUR COMMISSIONERS



Valerie Sullivan
Chair
(Public Member)



Bobbi Kaplan
Vice-Chair
Executive Vice-President,
Unit 6, Local 207, NAGE
(Labor Member)



Gary Anderson
Commissioner
Division of Insurance
(Ex-Officio Member)



Adam Chapdelaine
Town Manager, Arlington
(Massachusetts Municipal
Association Member)



Edward (Tobey) Choate
Chief Administrative Officer,
Examity (Public Member)



Christine Clinard, Esq.
(Public Member)



Tamara Davis
Managing Director, Davis
Board Services, LLC
(Public Member)



Kevin Drake
Council 93, AFSCME,
AFL-CIO (Labor Member)



Jane Edmonds
Vice-President, Programming
and Community Outreach,
Babson College (Retiree
Member)



Joe Gentile
AFL-CIO (Public Safety
Member)



**The Honorable
Michael Heffernan**
Secretary, Executive Office
for Administration and
Finance (Ex-Officio Member)



Eileen McAnneny
President, Massachusetts
Taxpayers Foundation
(Public Member)



Anna Sinaiko, MPP, Ph.D.
Assistant Professor, Health
Economics and Policy,
Harvard School of Public
Health (Health Economist)



Timothy Sullivan, Ed.D.
Massachusetts Teachers
Association (MTA, Labor
Member)



Elizabeth Chabot
President, Local 229
Massachusetts Probation
Officers and Vice
President, NAGE National
Executive Committee
(Labor Member)



**Melissa Murphy
Rodrigues**
Town Manager,
North Andover
(Massachusetts Municipal
Association Member)



Joan M. Matsumoto
Interim Executive Director
Group Insurance Commission

PAST COMMISSIONERS

Theron Bradley
Public Member
(2001 - 2019)

Katherine Baicker
Health Economist, Chair
(2013 - 2017)

Anne M. Paulsen
Retiree Member, Vice Chair
(2007 - 2017)

Robert J. Dolan
Massachusetts Municipal
Association
(2012 - 2017)

Jean Yang
Public Member
(2013 - 2017)

Ed Kelly
Public Safety
(2012 - 2017)

Melvin A. Kleckner
Massachusetts Municipal
Association
(2012 - 2018)

Margaret Thompson
Local 5000, SEIU, NAGE
(2013 - 2018)

Richard Waring
NAGE, Vice Chair
(2011 - 2017)

Commissioners are appointed
by the Governor.

"The GIC cares deeply about members and their families. Despite the continuing growth in the complexity of providing outstanding health care benefits, we listen carefully to member input in order to help provide the highest level of support. We are also continuing to find innovative ways to leverage the GIC's purchasing power in areas of importance like mental health."

Valerie Sullivan, Chair,
Group Insurance Commission

STATEMENT OF EXPENDITURES

JULY 1, 2018 - JUNE 30, 2019

DESCRIPTION	EMPLOYEE/RETIREE PREMIUMS	COMMONWEALTH EXPENDITURES
EXPENDITURES		
Administration (a)		\$3,959,711
Benefits for State Employees, Municipal Employees and Retirees		
Health Insurance <i>(also includes Municipal Employees) (b)</i>	\$543,513,695	\$2,023,890,390
Basic Life Insurance <i>(Excludes Municipal Employees)</i>	\$2,623,809	\$9,851,564
Optional Life Insurance <i>(Excludes Municipal Employees)</i>	\$44,004,117	
Long Term Disability Insurance <i>(State Employees only)</i>	\$13,921,409	
Dental Insurance <i>(Retirees only)</i>	\$19,868,532	
Dental and Vision Insurance <i>(State Managers & Legislators only)</i>	\$1,497,903	\$8,334,349
Benefits for Elderly Governmental Retirees (c)		
Health Insurance	\$33,839	\$141,088
Benefits for Retired Municipal Teachers		
Health Insurance	\$11,594,688	\$38,675,784
Life Insurance	\$139,045	\$554,009
Total Expenditures (a)		\$2,085,406,895

(a) Additionally, \$75,986 from employees' trust funds and \$1,396,682 from communities in the Municipal Health Program participating in the GIC's Health Insurance Programs were used to pay administrative costs.

(b) Does not include medical and prescription drug co-payments and deductibles.

(c) The EGR share includes \$3,881 from the EGR Trust Fund and \$1,893 from the EGR Rate Stabilization Reserve. These amounts are subsidies to the retirees' premiums.

STATEMENT OF REVENUE

JULY 1, 2018 - JUNE 30, 2019

DESCRIPTION	EMPLOYEE/RETIREE PREMIUMS	COMMONWEALTH EXPENDITURES
REVENUES		
Housing, redevelopment and other authorities		\$256,940,112
Municipal Program Health Insurance		\$566,516,449
Elderly Governmental Retirees' Health Insurance		\$46,833
Retired Municipal Teachers' Health Insurance		\$48,807,544
Insurance chargebacks to state agencies receiving federal and trust funds		\$310,025,054
Leave of absence chargebacks to state agencies		\$405,995
Federal subsidy for Medicare Part D Program		\$2,553,511
Other income		\$26,968,204
Total Revenues		\$1,212,263,703
SUMMARY		
Total Expenditures		\$2,085,406,894
Total Revenue Credited to Commonwealth's General Fund		\$(1,212,263,703)
Net Commonwealth Expense The Commonwealth expense, net of revenue reimbursements, is 42% of the total expenditures.		\$873,143,191

RATE STABILIZATION RESERVES STATEMENT

DESCRIPTION	BALANCE AS OF JULY 1, 2018	RECEIPTS	EXPENDITURES	BALANCE AS OF JUNE 30, 2019
Benefits for State Employees, Municipal Employees and Retirees				
Basic Life Insurance	\$2,476,032	\$61,877		\$2,537,909
Optional Life Insurance	\$28,677,456	\$670,249	\$2,000,000	\$27,347,705
Benefits for Elderly Governmental Retirees				
Health Insurance	\$227,333	\$5,615	\$1,893	\$231,055
Benefits for Retired Municipal Teachers				
Life Insurance	\$114,048	\$2,850		\$116,898
Health Insurance	\$3,493,721	\$75,004	\$1,257,508	\$2,311,217

EMPLOYEE TRUST FUND STATEMENT

DESCRIPTION	BALANCE AS OF JULY 1, 2018	RECEIPTS	EXPENDITURES	BALANCE AS OF JUNE 30, 2019
Benefits for State Employees, Municipal Employees and Retirees				
Health Insurance	\$2,837,127	\$1,260,521	\$75,986	\$4,021,662
Benefits for Elderly Governmental Retirees				
Health Insurance	\$77,158	\$1,879	\$3,881	\$75,156

