



COMMISSION MEETING

FEBRUARY 27, 2020

 *Group Insurance Commission*

 *@MassGIC*

I. Approval of Minutes (VOTE)

Commission Meeting Minutes
February 06, 2020



Agenda

	Topic	Speaker	Time
I.	Approval of Minutes (VOTE) 02/06/2020	Commission	8:30-8:35
II.	Dental and Vision Rates (INFORM and VOTE)	Cameron McBean	8:35-8:45
III.	Subsidies (INFORM and VOTE)	Catherine Moore	8:45-8:55
IV.	Rates by Healthcare Product (INFORM and VOTE)	Joan Matsumoto/Denise Donnelly	8:55-9:10
V.	Municipal Administration Fee (INFORM and VOTE)	Catherine Moore	9:10-9:15
	Break		9:15-9:30
VI.	Other Business (VOTE) <ul style="list-style-type: none">Executive Director Candidate Interviews	Valerie Sullivan	9:30 -12:00

II. Dental and Vision Rates (INFORM & VOTE)

- Dental and Vision Rates

Dental/Vision Rates

Benefit	Vendor	Vendor contract status	Who's eligible?	Funding arrangement
Dental		Year 4	<p>Active: State managers, state legislators, legislative staff members, and constitutional office employees.</p> <p>Retiree: All state retirees plus certain municipal retirees</p>	<p>Active: fully insured</p> <p>Retiree: Retiree pay all</p>
Vision		Year 5	<p>Active: State managers, state legislators, legislative staff members, and constitutional office employees.</p>	Self insured

As of January 1, 2021, it is expected that the GIC dental plan will cover trial court employees not covered by a collective bargaining agreement.

State employees covered by a collective bargaining agreement receive dental and/or vision coverage from separately administered Health and Welfare Trust Funds.

FY 21 Dental Plan Rates: Retiree

- The proposed retiree dental plan rate is decreasing by 1.3%

MetLife Retiree Dental Plan	FY 2020 Fully-Insured Monthly Premium Rate	FY 2021 Fully-Insured Monthly Premium Rate	FY 2021 Monthly Dollar Decrease	FY 2021 Monthly Percent Increase
Individual	\$30.21	\$29.82	(\$0.39)	-1.3%
Family	\$72.77	\$71.82	(\$0.95)	-1.3%

FY 21 Dental Plan Rates: Active

- The fully insured dental rate reflects a slight increase

MetLife Active Dental Plan	FY 20 Fully-Insured Monthly Premium Rate	FY 21 Fully-Insured Monthly Premium Rate	FY 21 Monthly Dollar Increase	FY 21 Monthly Percent Increase
Classic Individual	\$40.20	\$40.88	\$.68	+1.7%
Classic Family	\$124.64	\$126.76	\$2.12	+1.7%
Value Individual	\$29.44	\$29.65	\$.21	+0.7%
Value Family	\$91.29	\$91.93	\$.64	+0.7%

FY 21 Vision Plan Rates: Active

- For FY 21, Davis' fixed administration and vision commodity prices will remain at the FY20 levels.
- The GIC approved a 10% reduction in the working rates for FY19 and held FY20 rates steady.
- The GIC will procure vision benefits during FY 21 in anticipation of Davis' contract end date of June 30, 2021.

Davis Vision Plan	FY 2020 Self-Insured Monthly Working Rate	FY 2021 Self-Insured Monthly Working Rate
Individual	\$2.03	\$2.03
Family	\$6.40	\$6.40

FY21 Active Dental/Vision Plan Rates

- The FY21 active dental/vision rates are calculated by adding the FY21 Davis Vision self-insured working rates to the FY20 MetLife fully-insured dental premium rates.

Dental Plan	FY21 MetLife Dental Monthly Premium	FY21 Davis Vision Monthly Working Rate	FY21 Total Monthly Dental/Vision Rate
Classic Individual	\$40.88	\$2.03	\$42.91
Classic Family	\$126.76	\$6.40	\$133.16
Value Individual	\$29.65	\$2.03	\$31.68
Value Family	\$91.93	\$6.40	\$98.33

FY21 Active Dental/Vision Plan Rates: Member Contributions FY19, FY20 and FY21

- Here's what participants will pay for dental and vision benefits in FY 21 compared to their contributions for FY19 and FY20
- Participants pay 15% of the managerial dental/vision monthly costs

Dental Plan	Member Monthly Contribution Rates*	Member Monthly Contribution Rates	Proposed Member Monthly Contribution Rates
	FY19	FY20	FY21
Classic Individual	\$6.16	\$6.33	\$6.44
Classic Family	\$19.11	\$19.66	\$19.97
Value Individual	\$4.59	\$4.72	\$4.75
Value Family	\$14.26	\$14.65	\$14.75



Vote

Motion to approve recommended FY21 premiums for dental and vision

III. Subsidies (INFORM and VOTE)

Fiscal Year 2021:
Premium Reserve Allocation for
Elderly Government Retirees (EGRs)

Returning Premium Reserves to Elderly Governmental Employees (EGR)

- Through the end of FY2018, the EGR program, by statute, was fully insured and the basic indemnity and Medicare indemnity plans for EGRs had insurance reserve accounts associated with them
- Over the years, these reserve accounts accumulated excess funds including excess enrollee contributions
- Historically, staff has asked the Commission to authorize the use of the excess funds in these reserve accounts to reduce the basic and Medicare indemnity plan premiums for the EGRs, who number less than 20
- This year we recommend that we use EGR funds to reduce the remaining EGRs' premiums for FY2021
- We ask you to vote on the use of these funds so that we may then apply them to the final FY2021 EGR premiums

Elderly Governmental Employees: Returning premium reserves

- Use approximately \$7,000 of the \$70,000 projected EGR premium reserve balance to offset the insured share of the Fiscal Year 2021 individual, family, and Medicare indemnity plan premiums
- Use approximately \$2,000 of the \$60,000 projected EGR CIC premium reserve balance to offset the insured share of the Fiscal Year 2021 individual, family, and Medicare CIC premiums
- The combined effect of these subsidies is a zero percent aggregate increase for the EGRs in FY2021

Fiscal Year 2021 Monthly EGR Contributions:

These rates reflect the allocations, if approved

The tables display the FY 2021 EGR share for UniCare basic and Medicare indemnity plans if these funds are applied

EGR

Carrier	Product	Tier	Insured share after allocation: FY 2021 (90%/10%)
UniCare	Indemnity Plan with CIC	Individual	\$10.56
		Family	\$24.40
		Medicare	\$1.66



Vote

Approve recommended spending from...

- The Elderly Government Retirees (EGRs) premium and CIC reserves ... to reduce the Fiscal Year 2021 premiums as presented.

IV. Rates by Healthcare Product (INFORM and VOTE)

- Rates by Healthcare Product

Table of Contents

- Overview
 - Purpose
 - Definitions

- FY2021 Premiums by Product
 - Executive Summary
 - Non-Medicare
 - Medicare

- Vote to Approve FY2021 Rates:
 - Approve recommended FY21 Non-Medicare and Medicare premiums

Purpose



Why are we here today?

- The purpose of this discussion is to present proposed Fiscal Year 2021 (FY21) health insurance premiums for a Commission vote
- Health insurance premiums are developed annually for each of GIC's products based on
 - anticipated members within each plan
 - anticipated total cost of those members' claims
- Insurance products are classified as commercial products for active employees and non-Medicare retirees and Medicare products for retirees
- There were no changes to the insurance carriers offering commercial and Medicare products
- There were plan design changes to UniCare's three commercial products to harmonize behavioral health benefits with medical benefits
- The cost of these plan design changes was less than 1/10 of a percent in relation to the total proposed FY21 health insurance premium

Definitions



What are premiums?

- A premium is the total sum of money that is needed to pay:
 - Medical providers for all eligible claims for service and medication based on negotiated rates
 - Insurance company costs depending upon the risk model for the products
- Premiums do not include out of pocket expenses like copays, deductibles

Definitions



How are the premiums shared?

- Premium sharing is specified by law or in contract agreements
- Depending upon your date of hire and your employer (state/municipality), the share ratio may be:

Commonwealth or Municipality	Employee or Retiree
90%	10%
85%	15%
80%	20%
75%	25%

Definitions



Who takes on the risk?

- **The Commonwealth of Massachusetts** takes the risk **for active employees and non-Medicare retirees** by using a **self-insured model** for commercial products and for retirees who purchase Medicare Supplemental plans. This means:
 - If total eligible claims exceed the premiums, the state must seek additional funds from the General Fund in a supplemental budget request
 - The insurance company takes no risk in this self-insured model
 - This approach keeps premiums lower by fixing the insurance company's income around administration and eliminating any premium built in to profit from risk-taking
- **The insurance carrier** takes the risk **for retirees** enrolled in Medicare Advantage in a **fully-insured model**. This means:
 - If total eligible claims exceed collected premiums, the insurance company suffers a loss
 - The insurance company takes a risk in the fully-insured model
 - This approach results in premiums that are higher to cover costs and claims AND ensure a profit
 - Medicare Advantage is regulated at the federal level

Background

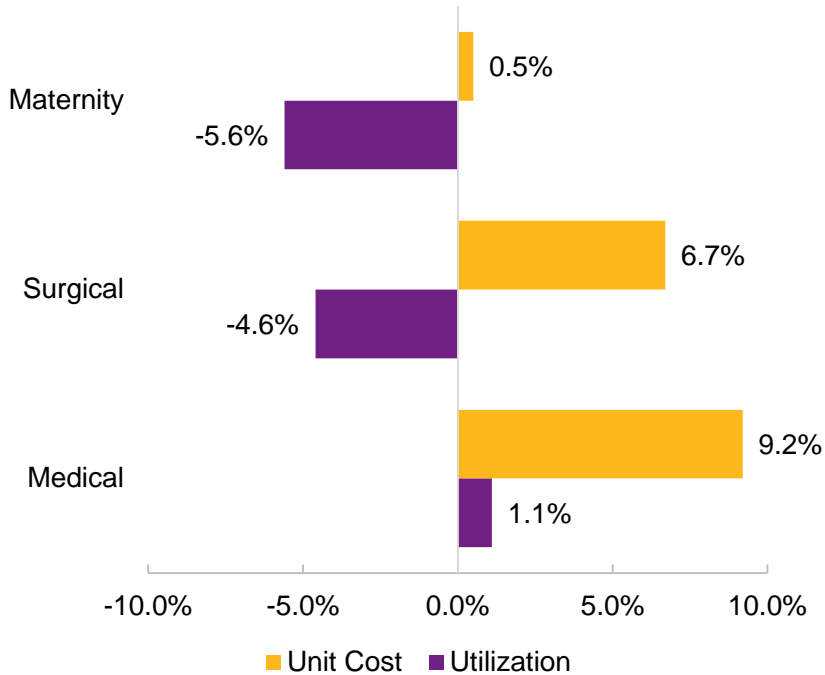
What is driving premium increases?

- **Medical cost inflation** is the primary driver of premium increases
 - As doctors consolidate into provider systems, they command higher reimbursement rates from the plans
- **Massachusetts market data** collected by the Center for Health Information and Analysis (CHIA) and presented by the Health Policy Commission reflect this inflation in the state's commercial market
- **GIC** claims data reflects this in:
 - More expensive claims for the same services provided in prior years
 - A faster rate of unit cost increases in relation to utilization

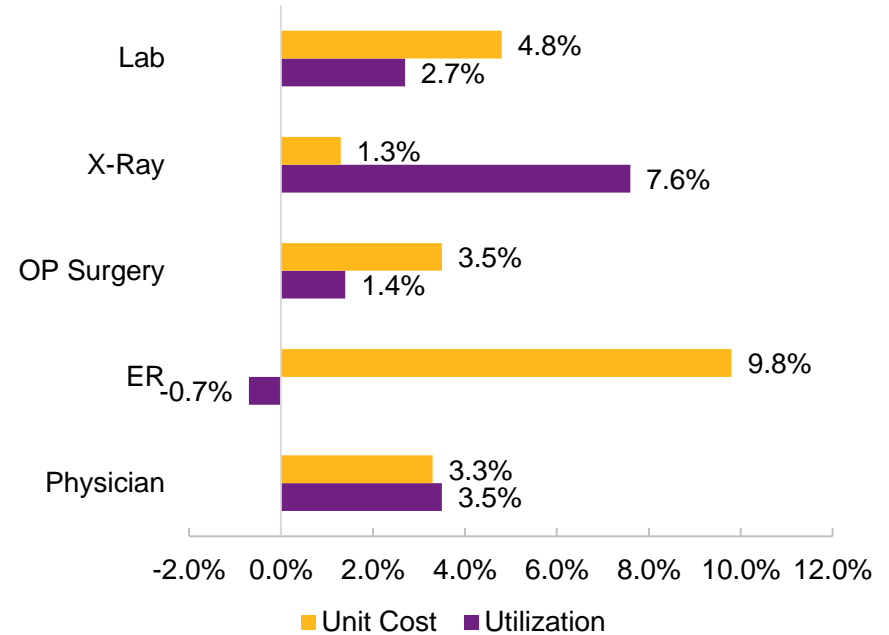
GIC Cost and Utilization Trend

Non-Medicare Claims

Inpatient Unit Cost and Utilization Trend



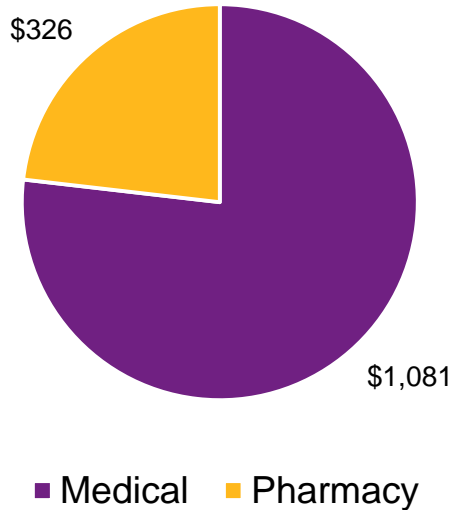
Outpatient Unit Cost and Utilization Trend



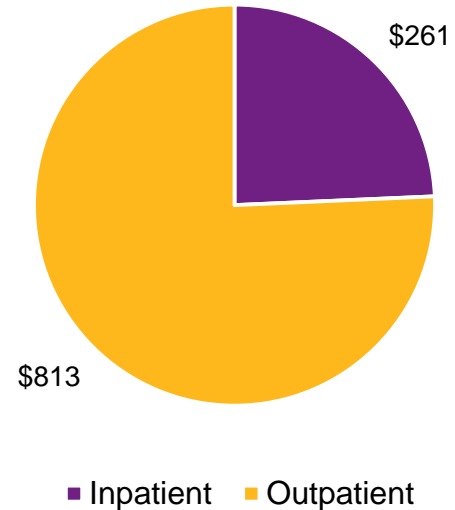
GIC FY19 Spend Breakdown – High Level

Non-Medicare Claims

Medical & Pharmacy Split (\$M)



Medical Cost Breakdown (\$M)

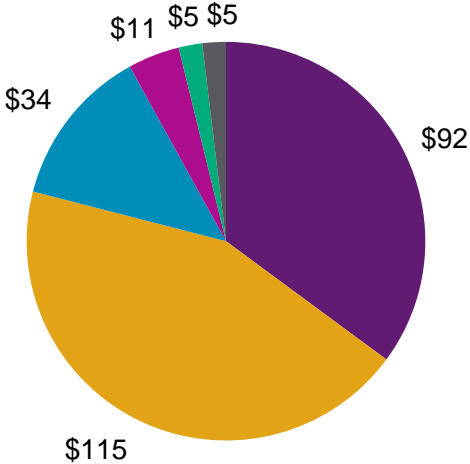


Data Source and Disclaimer:
The paid claims should only be used on a relative basis, and do not represent the full GIC plan paid in FY19

GIC FY19 Spend Breakdown – Medical Drill Down

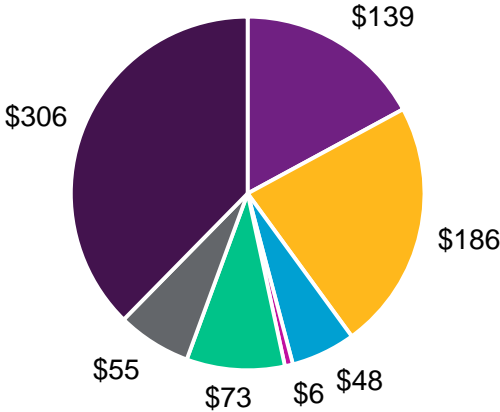
Non-Medicare Claims

Inpatient Cost Breakdown (\$M)



- Medical Admissions
- Maternity Admissions
- Alcohol/Drug Admission
- Surgical Admissions
- Mental Disorder Admission
- Other Inpatient Costs

Outpatient Cost Breakdown (\$M)

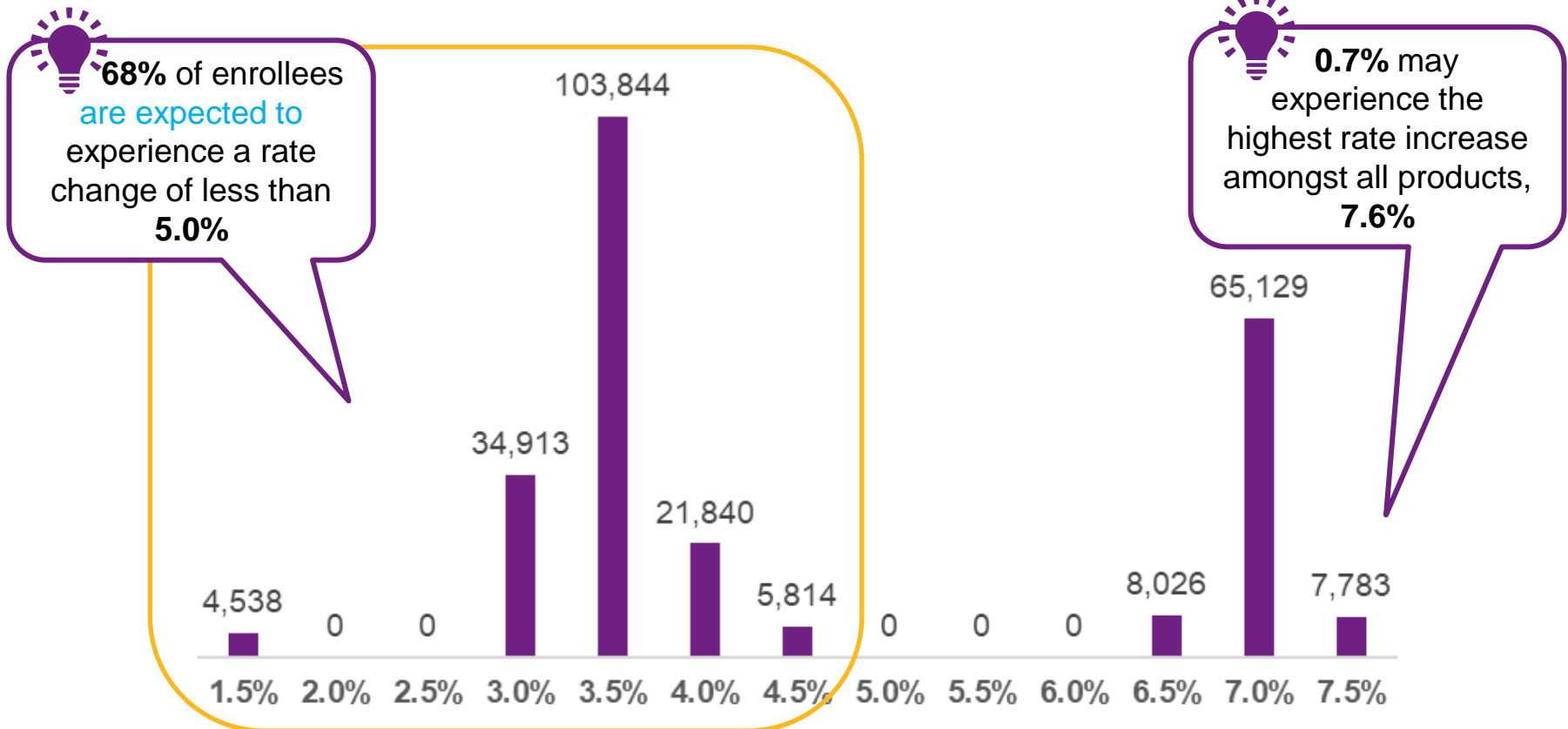


- Surgeries
- ER Visits
- X-Ray Services
- Physician Office Visits
- Urgent Care Visits
- Lab Service
- Other Outpatient Costs

Data Source and Disclaimer:
The paid claims should only be used on a relative basis, and do not represent the full GIC plan paid in FY19

FY2021 Premiums for All Plans: Executive Summary

Overall average FY21 premium increase is **5.1%** over FY20.
 FY21 aggregate premium increase is in-line with market trends of 5% - 7%.



Caveats:

- *These are premium rates – not member contributions
- *CIC is paid 100% by enrollees, so some enrollees will see larger contribution increases
- *Enrollment as of August 2019 and does not reflect potential migration between plans

Non-Medicare Plans: Key Insights

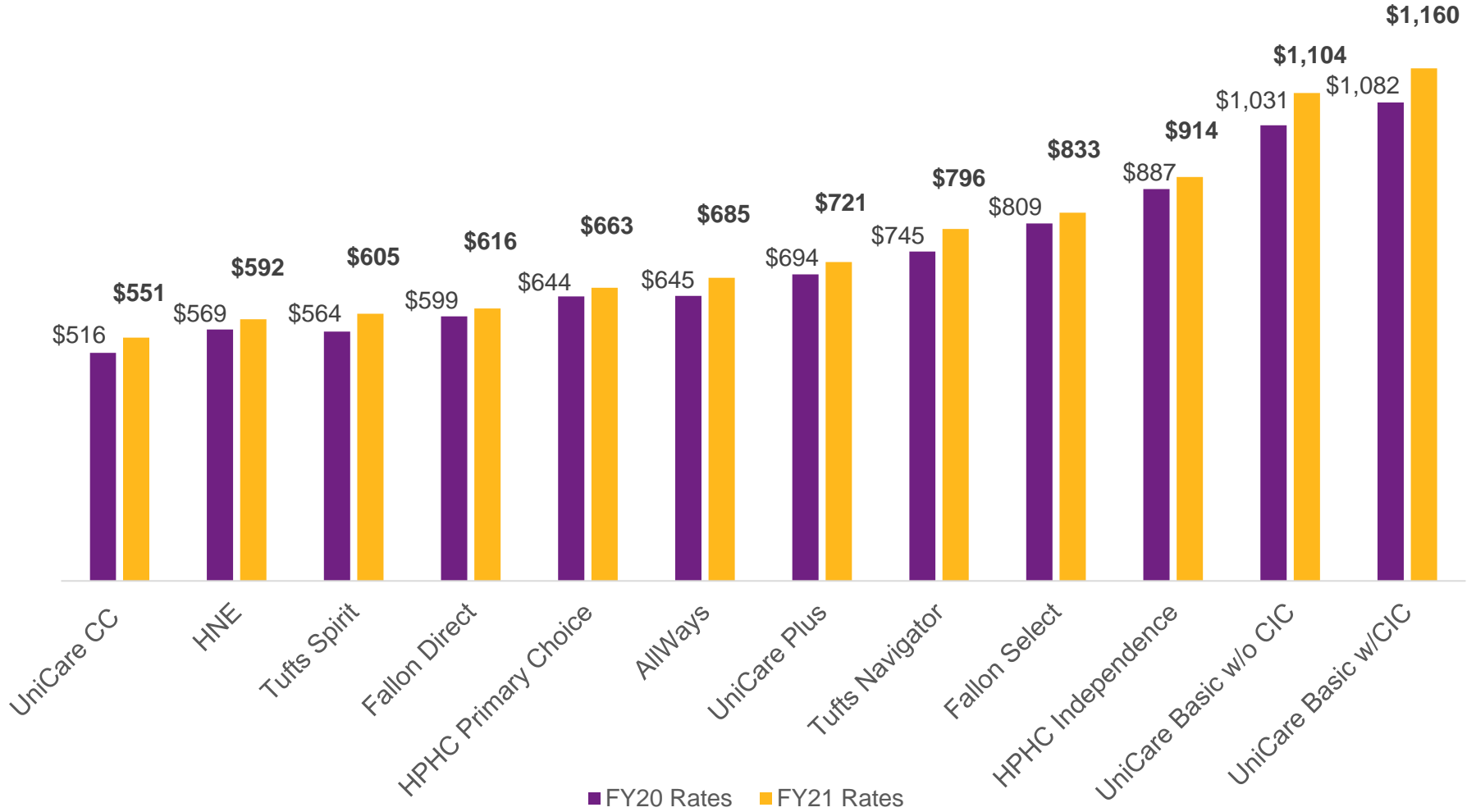
- Overall average FY21 premium increase among Non-Medicare products is 5.5%
- The highest increase is 7.6% and the lowest is 3.0%
- UniCare Community Choice (Limited Network) remains the lowest cost product, followed by Health New England (Regional Network)

- Overall product portfolio seeing a range of premium changes over FY20
- **Regional products** are offered by provider-owned carriers; their premiums reflect their geographies and favorable contracted rates offered by their provider-owners
- **Limited network products** offer lower rates due to fewer, more efficient providers; they also attract lower-risk members
- **Broad network products** offer more robust networks in exchange for higher premiums than those in a limited products
- **National products** remain the most expensive; they offer the most generous benefits and maximum choice; they also attract higher-risk members

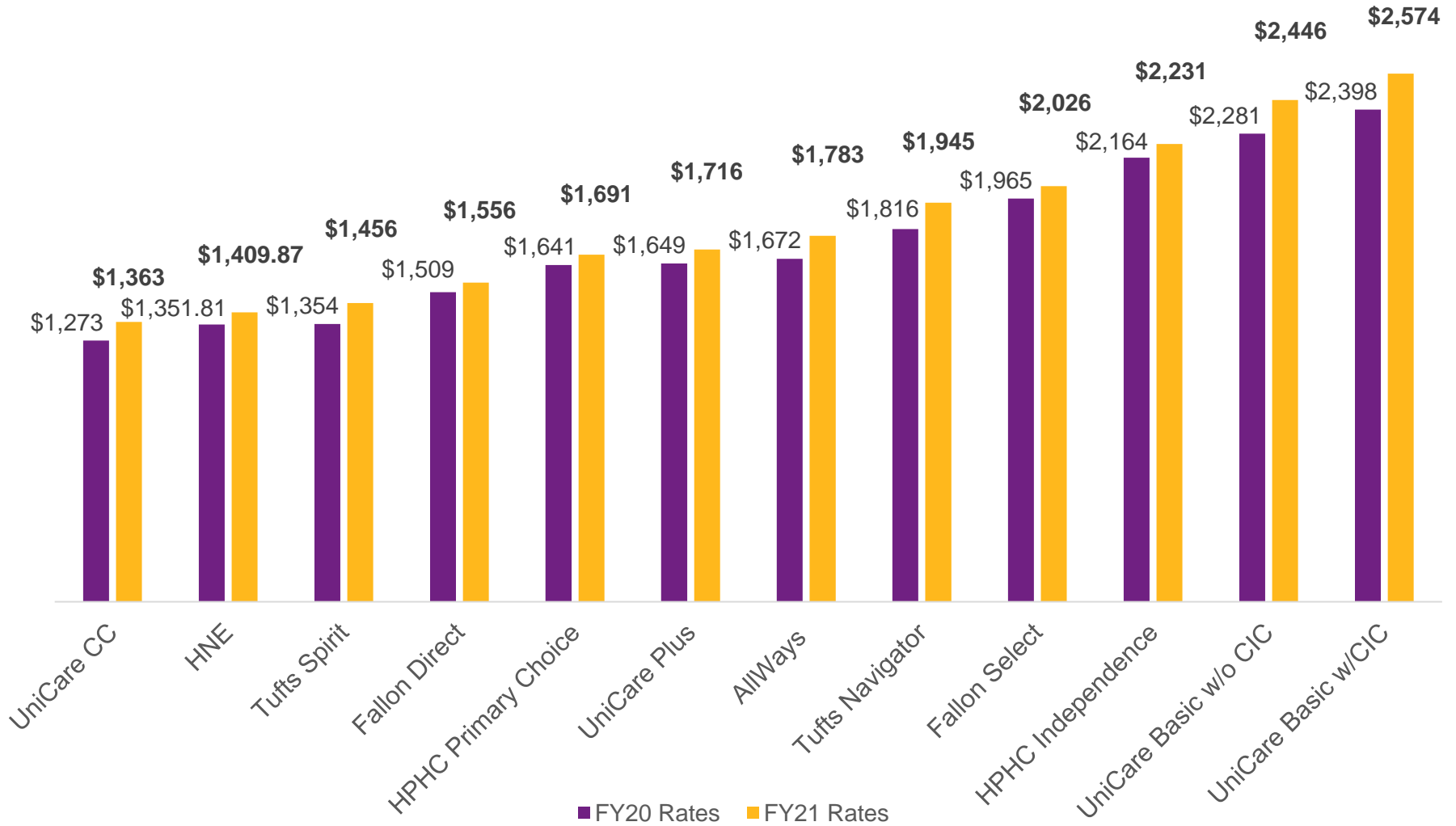
Carrier-specific insights:

- AllWays' premium increase reflects increasing unit costs as the provider contracts transition from Medicaid rates to commercial rates
- Tufts Health Plan and UniCare experienced higher increases due to higher claims

Individual Rate Growth by Carrier



Family Rate Growth by Carrier



FY2021 Monthly Subscriber Contributions

Non-Medicare

Network	Plan	Tier	Member Contributions			
			90%/10%	85%/15%	80%/20%	75%/25%
Regional	HNE	Individual	\$59.22	\$88.83	\$118.44	\$148.06
		Family	\$140.99	\$211.48	\$281.97	\$352.47
	AllWays Health Partners Complete HMO	Individual	\$68.55	\$102.82	\$137.09	\$171.37
		Family	\$178.32	\$267.48	\$356.64	\$445.80
Limited	UniCare Community Choice	Individual	\$55.06	\$82.60	\$110.13	\$137.66
		Family	\$136.33	\$204.49	\$272.66	\$340.82
	Tufts Spirit	Individual	\$60.46	\$90.68	\$120.91	\$151.14
		Family	\$145.65	\$218.47	\$291.29	\$364.11
	Fallon Direct	Individual	\$61.64	\$92.46	\$123.29	\$154.11
		Family	\$155.60	\$233.40	\$311.21	\$389.01
	HPHC Primary Choice	Individual	\$66.31	\$99.47	\$132.62	\$165.78
		Family	\$169.11	\$253.67	\$338.22	\$422.78
Broad	UniCare Plus	Individual	\$72.12	\$108.18	\$144.24	\$180.31
		Family	\$171.65	\$257.47	\$343.30	\$429.12
	Tufts Navigator	Individual	\$79.63	\$119.44	\$159.25	\$199.06
		Family	\$194.47	\$291.70	\$388.93	\$486.16
	Fallon Select	Individual	\$83.33	\$124.99	\$166.65	\$208.32
		Family	\$202.60	\$303.89	\$405.19	\$506.49
	HPHC Independence	Individual	\$91.40	\$137.10	\$182.80	\$228.50
		Family	\$223.14	\$334.71	\$446.28	\$557.85
National	UniCare Basic w/o CIC	Individual	\$110.36	\$165.53	\$220.71	\$275.89
		Family	\$244.59	\$366.88	\$489.17	\$611.46
	UniCare Basic w/CIC*	Individual	\$166.50	\$221.68	\$276.86	\$332.04
		Family	\$372.43	\$494.73	\$617.02	\$739.31

*CIC portion of UniCare Basic rate is 100% paid by member

Subscriber contributions reflect core medical portion of subscriber contributions. They do not include contributions for life insurance, dental and vision; additional administrative fees apply to municipality subscribers.

Fiscal Year 2021 Full-Cost Monthly Premiums

Non-Medicare

Vote

Network	Plan	Tier	Projected Enrollment*	FY20 Rates	FY21 Rates	% Increase Over FY20 Rates
Regional	HNE	Individual	5,164	\$568.82	\$592.22	4.1%
		Family	5,814	\$1,351.81	\$1,409.87	4.3%
	AllWays Health Partners Complete HMO	Individual	4,159	\$644.67	\$685.47	6.3%
		Family	3,867	\$1,671.84	\$1,783.21	6.7%
Limited	UniCare Community Choice	Individual	8,577	\$515.71	\$550.64	6.8%
		Family	11,410	\$1,272.51	\$1,363.28	7.1%
	Tufts Spirit	Individual	3,043	\$563.94	\$604.56	7.2%
		Family	1,771	\$1,354.20	\$1,456.45	7.6%
	Fallon Direct	Individual	2,032	\$598.58	\$616.43	3.0%
		Family	1,704	\$1,508.95	\$1,556.03	3.1%
	HPHC Primary Choice	Individual	4,973	\$643.55	\$663.11	3.0%
		Family	5,602	\$1,640.74	\$1,691.10	3.1%
Broad	UniCare Plus	Individual	6,814	\$693.67	\$721.22	4.0%
		Family	9,862	\$1,648.83	\$1,716.49	4.1%
	Tufts Navigator	Individual	12,748	\$745.15	\$796.25	6.9%
		Family	19,380	\$1,815.72	\$1,944.65	7.1%
	Fallon Select	Individual	1,207	\$808.96	\$833.27	3.0%
		Family	2,161	\$1,965.01	\$2,025.95	3.1%
	HPHC Independence	Individual	7,196	\$886.55	\$913.98	3.1%
		Family	10,038	\$2,163.92	\$2,231.38	3.1%
National	UniCare Basic w/o CIC	Individual	200	\$1,030.93	\$1,103.56	7.0%
		Family	167	\$2,281.21	\$2,445.85	7.2%
	UniCare Basic w/CIC	Individual	9,604	\$1,082.31	\$1,159.70	7.2%
		Family	6,012	\$2,398.20	\$2,573.70	7.3%

*Enrollment counts as of August 2019

Medicare Plans: Key Insights

- Benefits remain the same as FY2020
 - Premium increases across all plans are comparable, except for the Medicare Advantage plan
 - All Medicare supplement products offer similar value propositions and premiums
 - Most GIC Medicare-eligible members are in UniCare Optional Medicare Extension
-
- Overall average FY2021 premium increase among Medicare products is 3.3%, with the highest increase at 3.3% and the lowest at 0.8%
 - Tufts Medicare Preferred is the only Medicare Advantage product offered to GIC members
 - Among Medicare supplement products, Tufts Medicare Complement remains the lowest cost product followed by UniCare OME
 - There is little premium variation across Medicare supplement products, with a maximum premium differential of \$21/month

Fiscal Year 2021 Member Contributions

Medicare

Product	Plan	Tier	Member Contributions			
			90%/10%	85%/15%	80%/20%	75%/25%
Medicare Advantage	Tufts Medicare Preferred	Individual	\$32.40	\$48.60	\$64.80	\$81.00
Medicare Supplement	Tufts Medicare Complement	Individual	\$38.25	\$57.38	\$76.51	\$95.64
	UniCare OME w/o CIC	Individual	\$38.74	\$58.12	\$77.49	\$96.86
	UniCare OME w/CIC*	Individual	\$49.77	\$69.14	\$88.52	\$107.89
	HPHC Medicare Enhanced	Individual	\$40.26	\$60.39	\$80.53	\$100.66
	HNE Medicare Supplement	Individual	\$40.34	\$60.51	\$80.68	\$100.85

*CIC portion of UniCare OME rate is 100% paid by member

Note that the member contributions shown above only reflect core medical portion of individual member contributions and do not include other benefits contributions such as life insurance, dental and vision; additional administrative fees may also apply (i.e. municipality fees)

Fiscal Year 2021 Full-Cost Premiums

Medicare

Vote

Product	Plan	Tier	Projected Enrollment*	FY20 Rates	FY21 Rates	% Increase Over FY20 Rates
Medicare Advantage	Tufts Medicare Preferred	Individual	4,538	\$321.31	\$324.00	0.8%
Medicare Supplement	Tufts Medicare Complement	Individual	9,499	\$370.20	\$382.54	3.3%
	UniCare OME w/o CIC	Individual	253	\$375.00	\$387.44	3.3%
	UniCare OME w/CIC	Individual	75,009	\$385.58	\$398.47	3.3%
	HPHC Medicare Enhanced	Individual	16,038	\$389.76	\$402.63	3.3%
	HNE Medicare Supplement	Individual	3,045	\$390.44	\$403.39	3.3%



Key Insights

- Benefits remain the same as Fiscal Year 20 and the premium increases across all plans are comparable, besides the Medicare Advantage plan
- All Medicare Supplement products offer similar value propositions and premiums
- The majority of GIC Medicare-eligible members are in UniCare OME

*Enrollment counts as of August 2019

- Overall average Fiscal Year 2021 premium increase amongst Medicare products is 3.2%
- Among Medicare products, the highest increase is 3.3% and the lowest is 0.8%
- Tufts Medicare Preferred is the only Medicare Advantage product offered to GIC members
- Among Medicare Supplement products, Tufts Medicare Complement remains the lowest cost product followed by UniCare OME
- There is little premium variation across Medicare Supplement products with a maximum premium differential of \$21/month



Vote

Motion to approve recommended FY21 premiums for non-Medicare plans and Medicare plan and supplements

V. Municipal Administration Fee (INFORM and VOTE)

- Municipal Administration Fee



Vote

Authorize the GIC maintain the Fiscal Year 2021 Municipal Administrative fee at 0.35% of the full cost premiums.

- All municipalities pay the GIC a fee for us to administer their program
- We are authorized by statute to charge up to 1.0 %

Footnotes:

The 0.35% administrative fee is estimated to yield approximately \$2,700,000

VI. Other Business (VOTE)

- Executive Director Candidate Interviews

APPENDIX

- Commission Members
- GIC Leadership Team
- GIC Goals
- GIC Contact Channels

Commission Members

Valerie Sullivan (Public Member), Chair

Bobbi Kaplan (NAGE), Co-Chair

**Michael Heffernan,
Secretary of Administration & Finance**

**Gary Anderson,
Commissioner of Insurance**

Elizabeth Chabot (NAGE)

Adam Chapdelaine (Mass Municipal Association)

Edward Tobey Choate (Public Member)

Christine Clinard (Public Member)

Tamara P. Davis (Public Member)

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

Jane Edmonds (Retiree Member)

Joseph Gentile (Public Safety Member)

Eileen P. McAnney (Public Member)

Patricia Jennings (Public Member)

**Melissa Murphy-Rodrigues
(Mass Municipal Association)**

Anna Sinaiko (Health Economist)

**Timothy D. Sullivan
(Massachusetts Teachers Association)**

GIC Leadership Team

Joan Matsumoto, Interim Executive Director

Denise Donnelly, Director Benefit Procurement & Vendor Management

John Harney, Chief Information Officer

Paul Murphy, Director of Operations

James Rust, Chief Fiscal Officer

Andrew Stern, General Counsel

Brock Veidenheimer, Director of Human Resources

Mike Berry, Director of Legislative Affairs

Linnea Walsh, Director of Marketing and Communications

GIC Goals

- Provide access to high quality, affordable benefit options for employees, retirees and dependents
- Limit the financial liability to the state and others (of fulfilling benefit obligations) to sustainable growth rates
- Use the GIC's leverage to innovate and otherwise favorably influence the Massachusetts healthcare market
- 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 preferred method of response by GIC (phone, email, mail)
Email	gicpublicinfo@mass.gov	
Telephone	(617) 727-2310, Press 2	Monday through Friday 8:45 AM – 5:00 PM Eastern Except holidays *Photo ID required
Walk-In*	19 Staniford Street Boston, MA 02114	
Correspondence	P.O. Box 8747 Boston 02114	Allow for processing time
Paper Forms	P.O. Box 556 Randolph, MA 02368	

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
AllWays Health Partners	(866)-567-9175	allwayshealthpartners.org/gic-members
Fallon Health	(866) 344-4442	fallonhealth.org/gic
Harvard Pilgrim Health Care	(800) 542-1499	harvardpilgrim.org/gic
Health New England	(800) 842-4464	hne.com/gic
Tufts Health Plan (THP)	(800) 870-9488	tuftshealthplan.com/gic
THP Medicare Products	(888) 333-0880	
UniCare State Indemnity Plans	(800) 442-9300	unicarestatementplan.com