



**Commonwealth of Massachusetts  
Group Insurance Commission**

*Your  
Benefits  
Connection*

# COMMISSION MEETING

## *JANUARY 21, 2021*



# Agenda

|      | Topic   | Speaker  | Time        |
|------|---|--|-------------|
| I.   | Approval of 12/17/2020 Minutes (VOTE)   | Valerie Sullivan, Chair  | 8:30-8:35   |
| II.  | Executive Director's Report (INFORM) <ul style="list-style-type: none"> <li>• Calendar</li> <li>• Communications/Legislation/Municipalities</li> <li>• Human Resources</li> <li>• Public Listening Sessions</li> <li>• Health Benefit Procurement Consultant Request for Responses</li> <li>• Tufts &amp; Harvard Pilgrim Merger</li> <li>• COVID-19</li> </ul> | Matthew A. Veno, Executive Director<br>&<br>Members of Senior Staff  | 8:35-9:00   |
| III. | COVID-19 Impact on Cost and Utilization   | Jeff Levin-Scherz, MD MBA<br>Population Health Leader<br>Health Management<br>Practice Co-Leader, Health and<br>Benefits<br>Willis Towers Watson       | 9:00-9:15   |
| IV.  | Benefit Procurement & Vendor Management (INFORM & VOTE) <ul style="list-style-type: none"> <li>• FY22 Plan Design (INFORM)</li> <li>• Life/Accidental Death &amp; Dismemberment and Long-Term Disability Procurement (VOTE)</li> </ul>  | Denise Donnelly, Director of BPVM<br>Cameron McBean, Manager of<br>Health & Ancillary Benefits<br>Vince Kane, Senior Director,<br>Willis Towers Watson | 9:15-9:50   |
| V.   | Out of Pocket Report (INFORM)   | Margaret Anshutz,<br>Manager, Healthcare Analytics   | 9:50-10:15  |
| VI.  | CFO Update (INFORM) <ul style="list-style-type: none"> <li>• Budget and COVID claims update</li> <li>• FY21 spending to date</li> </ul>   | Jim Rust, Chief Financial Officer  | 10:15-10:30 |
| VII. | Other Business/Adjournment  | Valerie Sullivan, Chair  | 10:30       |

## I. Approval of Minutes (VOTE)

### Motion:

***That the Commission hereby approves the minutes of its meeting held on December 17, 2020 as presented.***

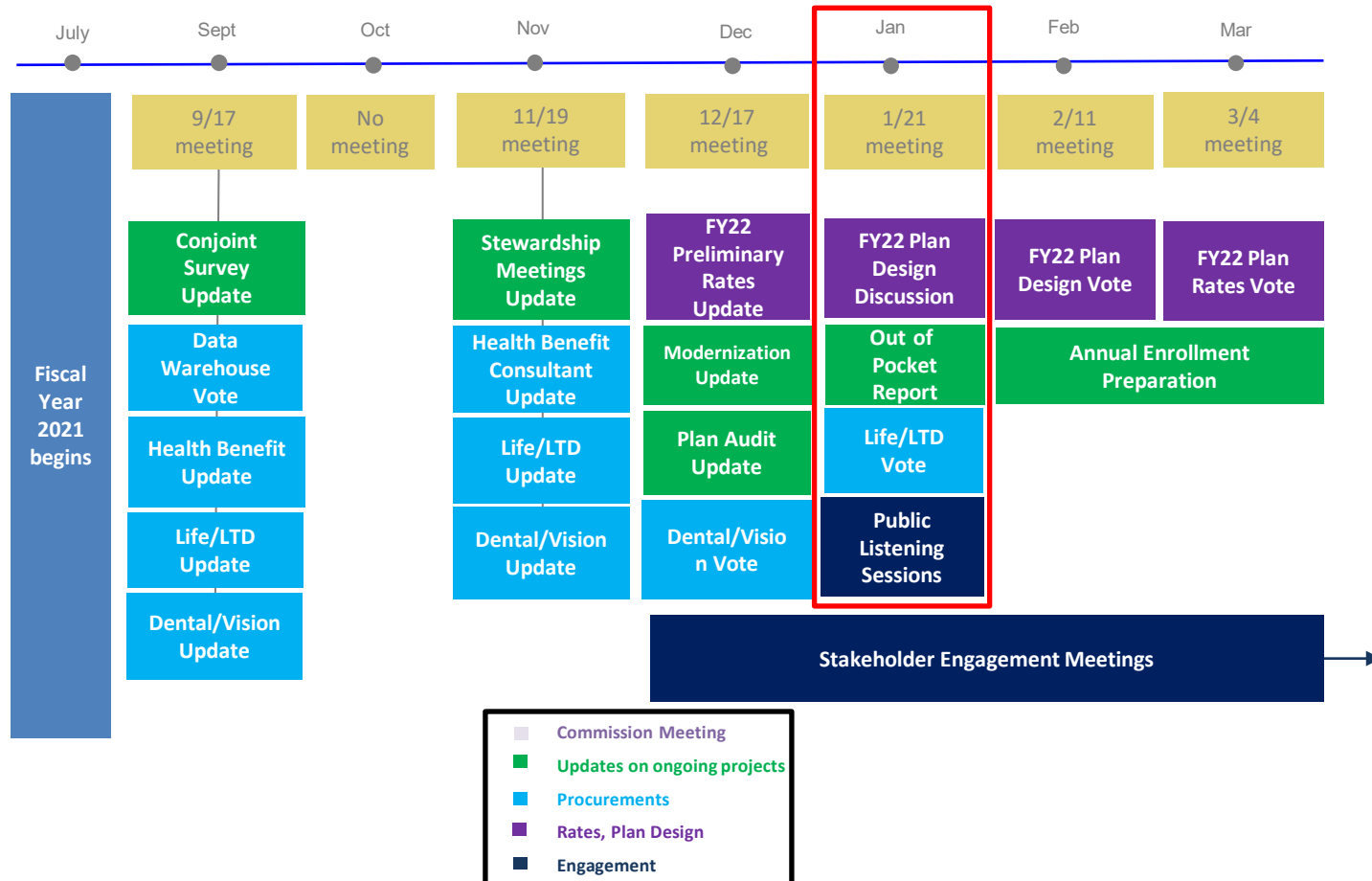
- Valerie Sullivan, Chair
- Bobbi Kaplan, Co-Chair
- Cassandra Roeder
- Rebecca Butler
- Elizabeth Chabot
- Adam Chapdelaine
- Edward Tobey Choate
- Christine Clinard
- Tamara P. Davis
- Kevin Drake
- Jane Edmonds
- Joseph Gentile
- Eileen P. McAnneny
- Patricia Jennings
- Melissa Murphy-Rodrigues
- Anna Sinaiko
- Timothy D. Sullivan

## II. Executive Director's Report (INFORM)

- Calendar
- Communications / Legislation / Municipalities
- Human Resources
- Public Information Sessions
- Health Benefit Procurement Consultant Request for Responses (RFR)
- Tufts & Harvard Pilgrim Merger
- COVID-19

Matthew A. Veno, Executive Director  
&  
Members of Senior Staff

## II. Executive Director's Report: FY2021 Calendar



## II. Executive Director's Report (INFORM)

### Communications

- *Vaccine Distribution*
- *MASS4YOU EAP*

### Legislation / Municipalities

- *Chapter 260 of the Acts of 2020*

### Human Resources

- *Welcome Emily Williams*

### Health Benefit Procurement Consultant RFR

### Tufts & Harvard Pilgrim Merger

### COVID-19

## II. Executive Director's Report (INFORM)

### Public Information Sessions

- Date & Times
  - Tuesday, 1/26 from 5:30pm -7:00pm
  - Wednesday, 1/27 from 12:00-1:30pm
  - Thursday, 1/28 from 5:30pm -7:00pm
  - Saturday, 1/30 from 9:00am -10:30am
- Virtual Platform – for all sessions via ZOOM and will be recorded
- Presentation - will be available before the first event, at [www.mass.gov/gic](http://www.mass.gov/gic)

### III. COVID-19 Impact on Cost and Utilization

Jeff Levin-Scherz, MD MBA  
Population Health Leader  
Health Management  
Practice Co-Leader, Health and Benefits  
Willis Towers Watson







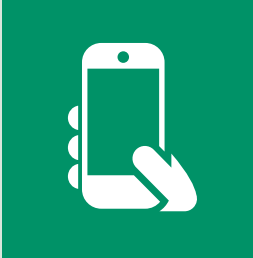

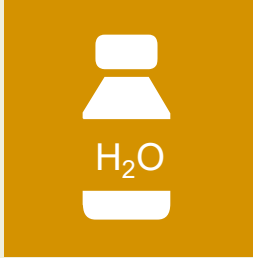



















# Impact of COVID-19

## Unknown variables and risks impacting future healthcare delivery and costs

| Unknown Variables and Key Risks  | Impact on Future Healthcare Delivery and Costs   |
|--|--|
| Current surge of cases lasts through the winter  | <ul style="list-style-type: none"><li>Higher than expected medical costs due to COVID, and continued deferral of non-COVID utilization</li></ul>   |
| Impact of pandemic and shelter-in-place orders on clinical conditions: mental health diagnoses and chronic health conditions | <ul style="list-style-type: none"><li>Increase in behavioral health claims and increase in out-of-network utilization due to network capacity issues</li><li>Increase in chronic condition costs due to deferred services and poor adherence to care recommendations</li></ul> |
| Missed preventive care including childhood immunizations and cancer screening  | <ul style="list-style-type: none"><li>Childhood vaccinations prevent illness and under-immunization could increase future medical costs</li><li>Missed screening likely to mean more premature deaths, but not increased medical costs</li></ul>                               |
| Limited capacity of current health system to handle pent-up demand   | <ul style="list-style-type: none"><li>Can limit the amount of deferred care that returns</li><li>Increase in telehealth claims and services</li></ul>  |
| Health systems take aggressive action to recoup 2020 lost revenue  | <ul style="list-style-type: none"><li>Increase in unit costs for selected medical services</li><li>Potential for additional provider consolidation</li></ul>   |
| Substantial increase in available testing with rapid response  | <ul style="list-style-type: none"><li>Could diminish spread of disease enough to lower COVID costs, though could allow for increase in non-COVID utilization and cost</li></ul>  |
| Spousal enrollment due to layoff or job loss   | <ul style="list-style-type: none"><li>Increased enrollment in medical plans</li></ul>  |
| Rapid uptake of COVID vaccine, and increased use of public health measures including masks and distancing                    | <ul style="list-style-type: none"><li>COVID treatment costs abate more quickly</li><li>Return of non-COVID medical utilization and cost</li></ul>  |

# Types of Medical Care

## Implications for current and post-COVID medical costs

| Toilet Paper  | Utility Bill  | New Phone  | Haircut  | Bottled Water  | Digital Wallet  |
|---|---|--|--|--|---|
|    |    |   |    |   |    |
| Can be hoarded and stockpiled   | You need electricity, water, and internet regardless!   | You could use a new one, but the old one will last a little longer   | You really need one now, but you won't get extra haircuts post-COVID   | You don't really need it and could get used to lower-cost alternatives   | Use it to pay when short on cash; the convenience hooks you   |
| <b>Medical Examples:</b> <ul style="list-style-type: none"> <li>Maintenance drugs</li> <li>Durable medical equipment</li> </ul> | <b>Medical Examples:</b> <ul style="list-style-type: none"> <li>Maternity</li> <li>Dialysis</li> <li>Schizophrenia treatment</li> </ul> | <b>Medical Examples:</b> <ul style="list-style-type: none"> <li>Joint replacement</li> <li>Elective surgeries</li> </ul> | <b>Medical Examples:</b> <ul style="list-style-type: none"> <li>Preventive dental</li> <li>Mammography and colonoscopy</li> <li>Physical therapy</li> <li>Urgent care</li> </ul> | <b>Medical Examples:</b> <ul style="list-style-type: none"> <li>Annual healthy adult physical exams</li> <li>Some in-person office visits</li> </ul> | <b>Medical Examples:</b> <ul style="list-style-type: none"> <li>Telemedicine</li> <li>Virtual mental health</li> <li>Virtual visits for chronic care</li> </ul> |
| Current Cost                                 | Current Cost   | Current Cost                          | Current Cost    | Current Cost    | Current Cost   |
| Post-COVID Cost                              | Post-COVID Cost                                      | Post-COVID Cost                       | Post-COVID Cost   | Post-COVID Cost   | Post-COVID Cost    |
| NET COST                                     | NET COST   | NET COST                              | NET COST    | NET COST    | NET COST   |

## IV. Benefit Procurement & Vendor Management: (INFORM & VOTE)

- FY22 Plan Design (INFORM)

Denise Donnelly, Director  
Benefit Procurement & Vendor Management

# Plan Design

- The Commission requested at the December meeting that staff analyze potential plan design changes.
- In response to that request, staff and Willis Towers Watson evaluated 4 potential plan design changes.
- The GIC has consistently expressed a preference not to make plan design changes mid-procurement as they tend to be disruptive to members, a concern only heightened in the context of the pandemic.
- Staff does not recommend any changes to current plans that increase cost sharing to members.
- The GIC is proposing no changes to its Medicare supplement plans, though it is important to note that the federal government could make changes.

# FY22 Plan Design Analyses

**No changes proposed or recommended to carriers or products offered**

| Product type            | Available through                             |
|-------------------------|---|
| National Indemnity Plan | UniCare                                       |
| Broad Network           | UniCare<br>Harvard Pilgrim<br>Tufts<br>Fallon |
| Limited Network         | UniCare<br>Harvard Pilgrim<br>Tufts<br>Fallon |
| Regional Network        | Allways<br>Health New England                 |

# WTW Financial Benchmarking Survey



How do your plan designs compare to the database?

| Medical*<br>(Single/Family)                             |                      |                        |                      |                   |                        | Database             |   |
|---|----------------------|------------------------|----------------------|-------------------|------------------------|----------------------|---|
|   | HPHC<br>Independence | Tufts<br>Navigator     | UniCare<br>Basic     | UniCare CC        | UniCare<br>Plus        | All<br>Companies     | Government<br>/ Public<br>Sector /<br>Education |
| <b>Deductible</b>                                       | \$500 / \$1,000      | \$500 / \$1,000        | \$500 / \$1,000      | \$400/\$800       | \$500/\$1000           | \$750 / \$1,500      | \$500 / \$1,500                                 |
| <b>Plan Coinsurance</b>                                 | 100%                 | 100%                   | 100%                 | 100%              | 100%                   | 80%                  | 90%   |
| <b>Office Visit (OV)<br/>Copays, PCP</b>                | \$10/\$20/\$40       | \$10/\$20/\$40         | \$20                 | \$15/\$20         | \$15/\$20              | \$25                 | \$25  |
| <b>Office Visit (OV)<br/>Copays, SCP</b>                | \$30/\$60/\$75       | \$30/\$60/\$75         | \$30/\$60/\$60       | \$30/\$60/\$75    | \$30/\$60/\$75         | \$40                 | \$40  |
| <b>Inpatient (IP)<br/>Copay</b>                         | \$275/\$500/\$1500   | \$275/\$500/<br>\$1500 | \$275                | \$275             | \$275/\$500/<br>\$1500 | \$250                | \$275   |
| <b>Outpatient (OP)<br/>Copay**</b>                      | \$250                | \$250                  | \$250                | \$110             | \$110/\$110/<br>\$250  | \$150                | \$110   |
| <b>Emergency Room<br/>(ER) Copay</b>                    | \$100                | \$100                  | \$100                | \$100             | \$100                  | \$150                | \$150   |
| <b>Out-of-Pocket<br/>Maximum (excl.<br/>deductible)</b> | \$4,500 / \$9,000    | \$4,500 /<br>\$9,000   | \$4,500 /<br>\$9,000 | \$4,600 / \$9,200 | \$4,500/ \$9,000       | \$2,500 /<br>\$5,000 | \$2,500 / \$5,000                               |

\*In-Network benefits

\*\*Excludes \$150 copay for Eye & GI procedures at freestanding facilities



All Companies — Copays are applicable in 90% (OV), 16% (IP), 14% (OP), and 69% (ER) of organizations.  
Industry — Copays are applicable in 91% (OV), 26% (IP), 22% (OP), and 80% (ER) of organizations.

# FY22 Plan Design Analyses

| # | Analysis  | Result  |
|---|---|---|
| 1 | <b>Offer three no-cost behavioral health telehealth visits/member/year</b>                              | Enhanced access to behavioral health  |
| 2 | <b>Increase emergency room copay from \$100/\$200 per visit, waived if admitted</b>                     | Greater incentive for members to access care at the appropriate level<br><br>Members who truly need emergency care will experience no change; members who seek urgent care from emergency departments will pay more |
| 3 | <b>Increase family deductible to 3x the individual deductible</b>                                       | Currently, family deductible is 2x individual; members with more than two members will pay more   |
| 4 | <b>Apply 90% coinsurance for everything currently covered in full after the deductible has been met</b> | Coinsurance after deductible currently stands at 100%   |

*Staff does not recommend any changes to current plans that increase cost sharing to members.*

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# FY22 Plan Design

## Analysis 1: Three No-Cost Behavioral Health Telehealth Visits

- Current copay varies by plan; average copay = \$15
- Waive cost-share for first three behavioral health tele-visits/member/year

| Aggregate Cost | Impacted Members | Total Members |
|----------------|------------------|---------------|
| \$1,449,200    | 37,754           | 314,868       |

Note: Estimated savings and estimated impacted members are projected by health plans

*Staff does not recommend any changes to current plans that increase cost sharing to members.*

# FY22 Plan Design Analyses

| # | Analysis  | Result  |
|---|---|---|
| 1 | <b>Offer three no-cost behavioral health telehealth visits/member/year</b>                              | Enhanced access to behavioral health  |
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# FY22 Plan Design

## Analysis 2: Emergency Room Copay

- The GIC continues to see substantial utilization of avoidable emergency room visits
- Proposal is to increase the emergency room copay from \$100 to \$200, which is waived if admitted
- Based on health plan estimates, savings would approximate \$7.9M
- Savings are driven by (1) the increased copay, and (2) utilization adjustment, as historical data suggests that a modest increase in the ER copay will decrease over-all utilization of emergency room visits by approximately 5%

| Aggregate Savings | Utilization Change | Impacted Members | Total Members |
|-------------------|--------------------|------------------|---------------|
| \$7,869,800       | -5%                | 45,647           | 314,868       |

Note: Utilization changes, estimated savings and estimated impacted members are health plan reported

*Staff does not recommend any changes to current plans that increase cost sharing to members.*

## Analysis 2: Emergency Room Copay

- FY19 GIC utilization is 250 visits per 1000 members, higher than the national benchmark for the same time period
  - Utilization is based on GIC FY19 allowed claims data from OPTUM reporting for the non-Medicare population

| Total ER Visits | Members | ER Visits/1000 |
|-----------------|---------|----------------|
| 79,517          | 318,000 | 250            |

### IBM Watson Health MarketScan Benchmarks

| Active             | 25th Percentile | 50th Percentile | 75th Percentile | Average of Client Averages |
|--------------------|-----------------|-----------------|-----------------|----------------------------|
| Visits Per 1000 ER | 183.1           | 221.8           | 275.0           | 231.4                      |

Note:  
IBM Watson Health MarketScan Benchmarks are based on 523 companies and almost 14 Million members. Benchmarking time period is consistent with the GIC FY19 utilization data

*Staff does not recommend any changes to current plans that increase cost sharing to members.*

Emergency room usage for the GIC population, highlighting the avoidable and potentially avoidable spend:

| ER Visits/1000 | Avoidable Spend | Potentially Avoidable Spend | Total Potentially Avoidable Spend |
|----------------|-----------------|-----------------------------|-----------------------------------|
| 250            | 14%             | 19%                         | 33%                               |

- Utilization is based on GIC FY19 allowed claims data from OPTUM reporting for the non-Medicare population
- Avoidable and potentially avoidable categorization is based on the NYU methodology
  - The % of avoidable visits is likely higher than the % spend shown above, due to lower average cost
  - The NYU methodology does not consider day of week or time of day, and uses discharge diagnosis, which sometimes does not reflect the reason a patient goes to the emergency room

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# FY22 Plan Design Analyses

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# FY22 Plan Design – Analysis 3: Family Deductible

Change family deductible multiplier from two times to three times the individual deductible

| Aggregate Savings | Impacted Members | Total Members |
|-------------------|------------------|---------------|
| \$7,043,500       | 27,761           | 314,868       |

Note: Estimated savings and estimated impacted members are projected by health plans

*Staff does not recommend any changes to current plans that increase cost sharing to members.*

# FY22 Plan Design Analyses

| # | Analysis  | Result  |
|---|---|---|
| 1 | <b>Offer three no-cost behavioral health telehealth visits/member/year</b>                              | Enhanced access to behavioral health  |
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*Staff does not recommend any changes to current plans that increase cost sharing to members.*



# FY22 Plan Design

## Analysis 4: 90% coinsurance

Apply 10% coinsurance to all services for which a copay does not currently apply which are currently covered in full after the deductible has been met:

| Aggregate Savings* | Impacted Members | Total Members |
|--------------------|------------------|---------------|
| \$52,811,300       | 70-80%           | 314,868       |

\* Estimates are preliminary and subject to refinement based on determination of applicable service categories and plan operational capabilities.

*Staff does not recommend any changes to current plans that increase cost sharing to members.*

## IV. Benefit Procurement & Vendor Management: (VOTE)

- Life/Accidental Death & Dismemberment and Long-Term Disability Procurement

Cameron McBean, Manager  
Health and Ancillary Benefits

# Life/LTD Procurement Overview

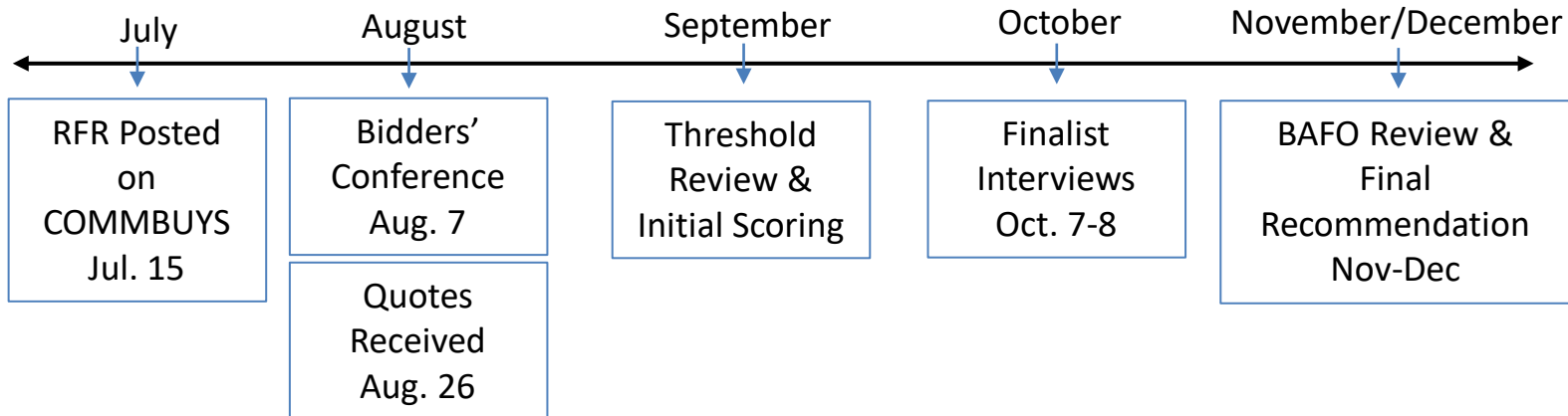


The Hartford is in the last year of its five-year contract to provide fully-insured basic and optional life/AD&D coverage to eligible active and retiree members.



Unum is in the fourth year of its five-year maximum for its fully-insured contract to provide voluntary LTD coverage to eligible active executive branch employees.

*The GIC partnered with Boston Benefit Partners to conduct this procurement.*



## Life/LTD Procurement Notes

The GIC procurement team took into account a number of considerations during the procurement process:

- We decided to run both procurements concurrently in order to allow bidders to offer combined pricing on life and LTD. A combined contract would benefit waiver-of-premium claims administration (LTD claimants do not have to pay life/AD&D premiums while on disability).
- The team considered different LTD plan design options to account for the implementation of the MA Paid Family/Medical Leave Act benefits that began on January 1, 2021.

## Life/LTD Procurement Recommendation

The GIC procurement team recommends awarding both the Life/AD&D and LTD contracts to MetLife effective July 1, 2021.

- Active and retiree members will pay equal or lower premiums for all affected product lines, with older participants generally seeing larger rate reductions.
- Using one carrier for life and LTD will mean a smoother waiver-of-premium process for participants.
- During the interview process, MetLife demonstrated the best understanding of, and creative solutions for, the challenges the GIC faces in trying to offer enhanced yet affordable life insurance options for retirees.
  - The current retiree basic Life benefit amount of \$5,000 is legislatively mandated, which limits the GIC/Commonwealth contribution toward that premium for members.
- MetLife also offered enhancements to the GIC's current claim processing and beneficiary designation procedures, reducing the administrative burden on GIC staff.

## Life/LTD Rate Comparison

Since optional life and LTD rates are age-banded, the rate charts are expansive. We are showing two representative examples that illustrate the monthly premium contribution differential under the proposed MetLife contract:

1. Active employee Sheila, non-smoker, age 38, makes \$54,000 annually, participates in the LTD plan, and has opted for 5x (\$270K) her salary in optional life.
2. Retiree Bob, non-smoker, age 71, pays for \$120,000 in optional life, in addition to his basic life benefit.

*\* The Commonwealth pays most of the basic life/AD&D premium for active and retired members.*

| <b>Current v<br/>MetLife</b> | <b><u>Basic Life/ADD</u></b> |         | <b><u>Optional Life/ADD</u></b> |           | <b><u>LTD</u></b> |         |
|------------------------------|------------------------------|---------|---------------------------------|-----------|-------------------|---------|
|                              | Current                      | FY22    | Current                         | FY22      | Current           | FY22    |
| <b>1 - Sheila</b>            | \$ 6.50                      | \$ 6.35 | \$ 13.50                        | \$ 13.50  | \$ 7.65           | \$ 5.85 |
| <b>2 - Bob</b>               | \$ 6.50                      | \$ 6.35 | \$ 268.80                       | \$ 260.40 |                   |         |

## IV. Benefit Procurement & Vendor Management: (VOTE)

### Motion:

***To approve MetLife as the apparent successful bidder for both Life/Accidental Death & Dismemberment and Long-Term Disability benefits and to move to the next highest scoring bidder(s) if contracting is unsuccessful.***

- Valerie Sullivan, Chair
- Bobbi Kaplan, Co-Chair
- Cassandra Roeder
- Rebecca Butler
- Elizabeth Chabot
- Adam Chapdelaine
- Edward Tobey Choate
- Christine Clinard
- Tamara P. Davis
- Kevin Drake
- Jane Edmonds
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- Patricia Jennings
- Melissa Murphy-Rodrigues
- Anna Sinaiko
- Timothy D. Sullivan

## V. Out of Pocket Report (INFORM)

### FY20 Out-of-Pocket Spending Update

Margaret Anshutz,  
Manager, Healthcare Analytics



# FY20 Out-of-Pocket Update

## Background definitions

Previously  
Presented to the  
Commission



### What are Out-of-Pocket (OOP) costs?

- Deductibles, copayments, coinsurance, pharmacy cost sharing, and any submitted uncovered services paid by members for healthcare services



### What are premiums?

- A premium reflects the total sum of money that the product is expected to cost in claims and fees, including the employer and employee portions; typically displayed as a monthly amount
- Out-of-pocket costs such as deductibles and point of service copayments are not included in premiums



### Who takes on the claims risk?

- Self-insured (i.e., ASO): The GIC funds claims as they are paid and the carrier provides administrative functions, but assumes no insurance risk
- Fully-insured: The carriers assume full risk of loss and keep all gains. The GIC has only self-insured health plans\*



### How are the premiums developed?

- Premiums are developed differently depending on the funding mechanism (fully or self insured)
- Self-insured (i.e., ASO): The GIC retains actuaries to determine premiums utilizing claims data, member data, and actuarial assumptions; the individual and family rates reflect the claims experience and demographics for each product offered (applies to Non-Medicare, Medicare Supplement, and Rx portion of Medicare Advantage plans for the GIC)
- Fully-insured: The carriers develop and determine the fully insured rates for the GIC (medical portion of Medicare Advantage plan)

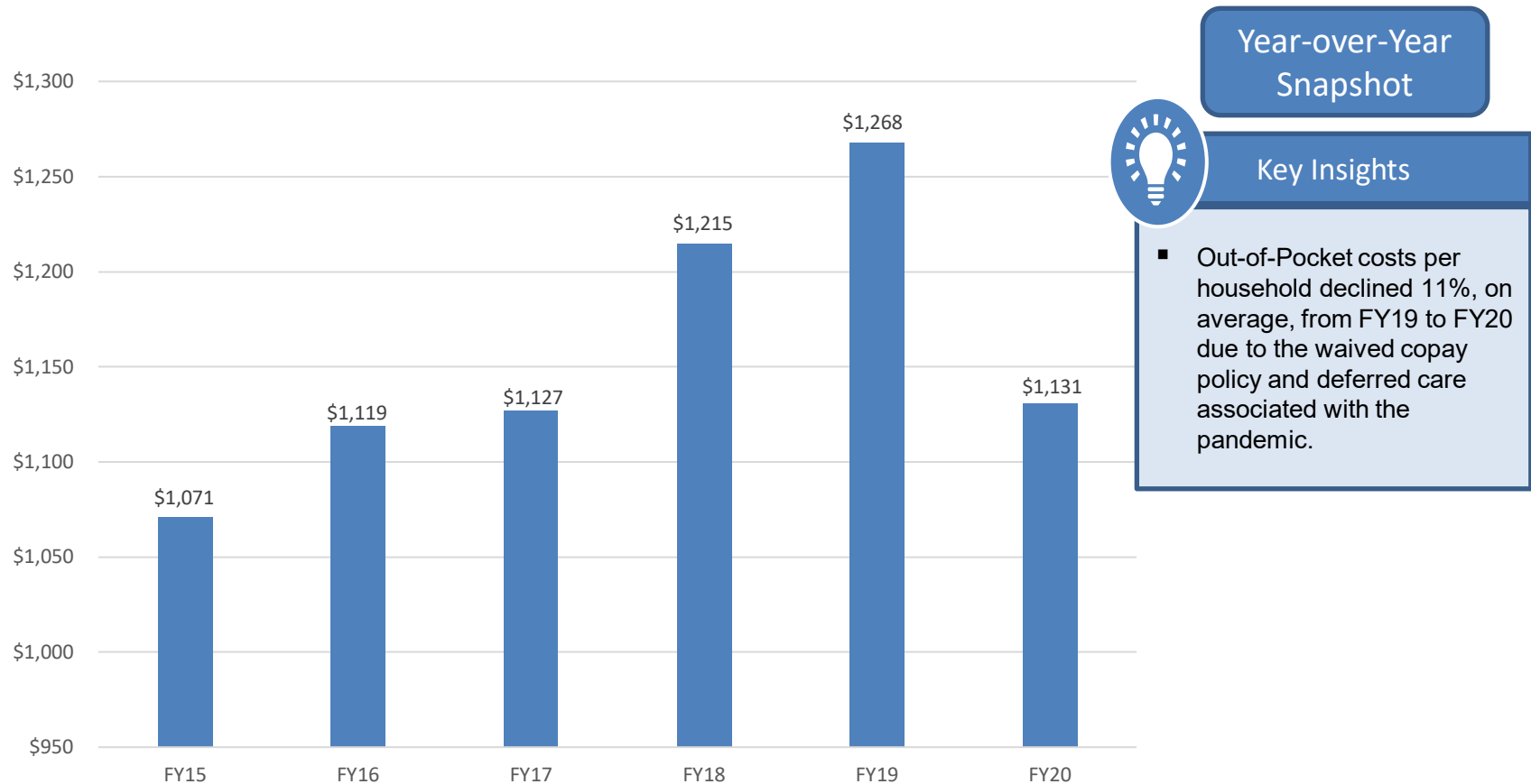
\* There are <5000 GIC members in the single fully insured health plan, Tufts Medicare Preferred.

# FY20 Out-of-Pocket Update: What Drives Out-of-Pocket Trend?

Previously  
Presented to the  
Commission

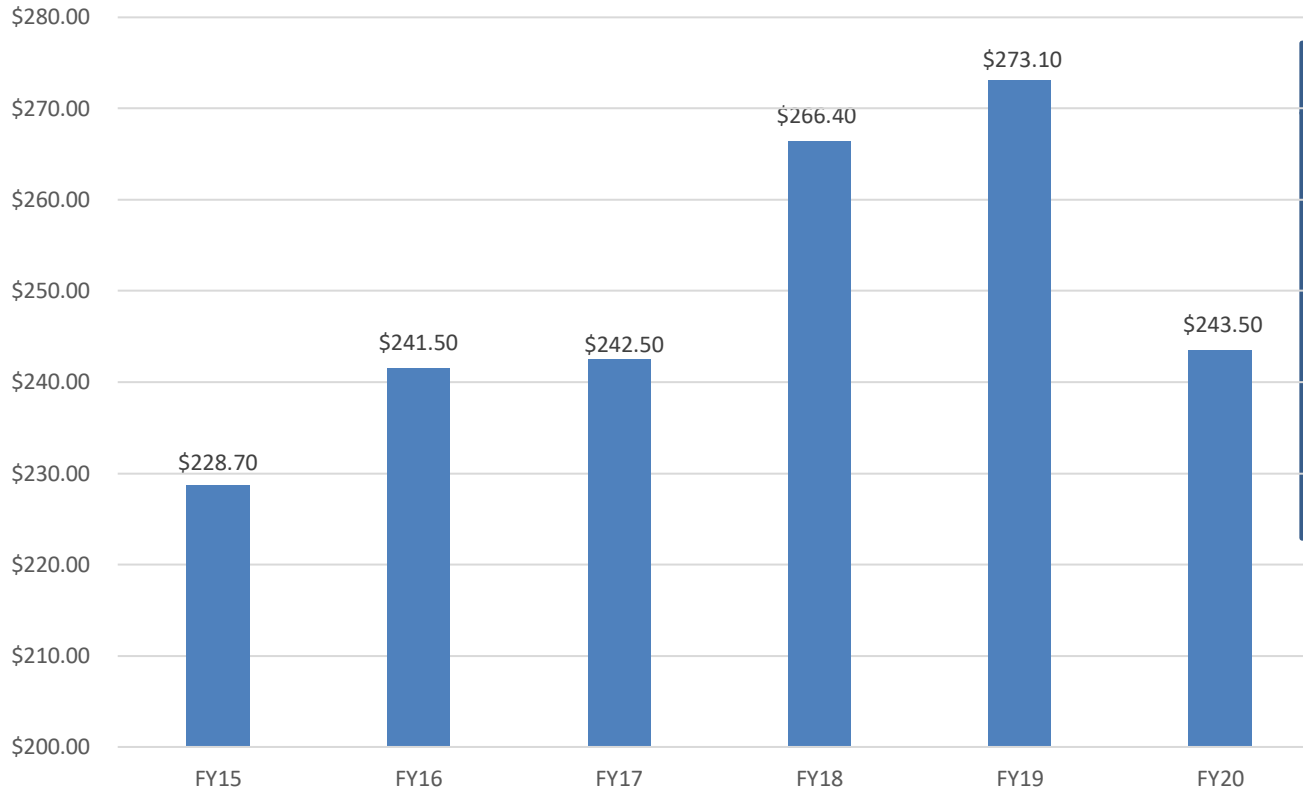
- **General Medical Inflation:** The GIC's plans are primarily copay-based (after the member pays the deductible), which shields members from much of the impact of medical inflation
- **Claims Volatility:** Variation in claims volume as well as place of service can drive increases or decreases in out-of-pocket costs for members. If more members seek care at lower tier providers, out-of-pocket costs will decrease
- **Plan Design Changes:** From FY 2018 to FY2019, the GIC did not make any design changes that would increase member OOP costs. The GIC did reduce the member out-of-pocket cost for select services performed at freestanding facilities and lowered copay for Tier 3 specialists

# Average OOP Cost per Household FY15 – FY20



# Total OOP Cost (in Millions) FY15 – FY20

Year-over-Year  
Snapshot

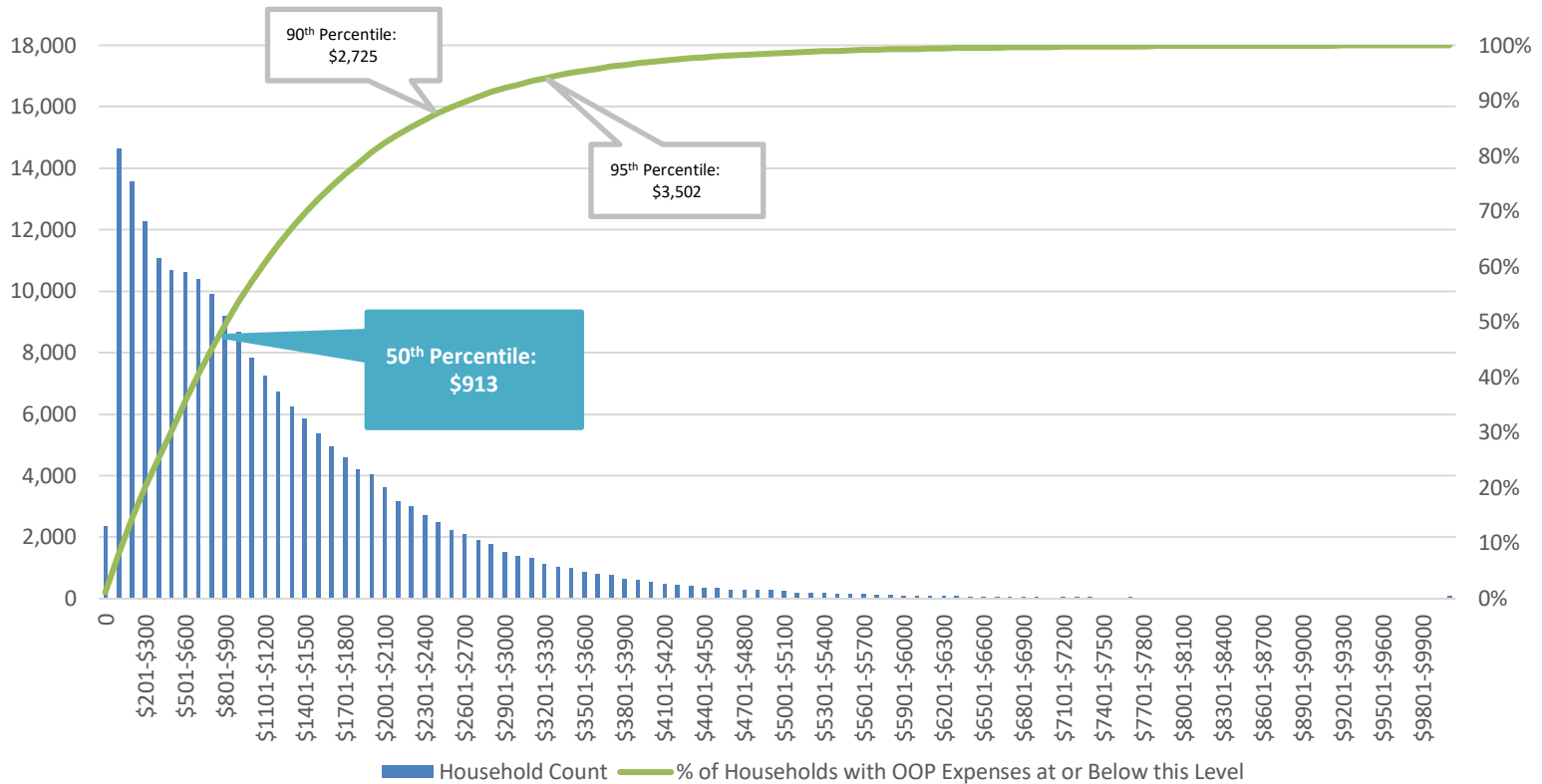


## Key Insights

- For the first time in recent memory, Total Out-of-Pocket costs decreased. FY20's Total Out-of-Pocket cost was roughly the same as FY17's.
- During that same time period, the GIC-paid healthcare costs decreased by 1.8%, likely due to deferred care.

Previously  
Presented to the  
Commission

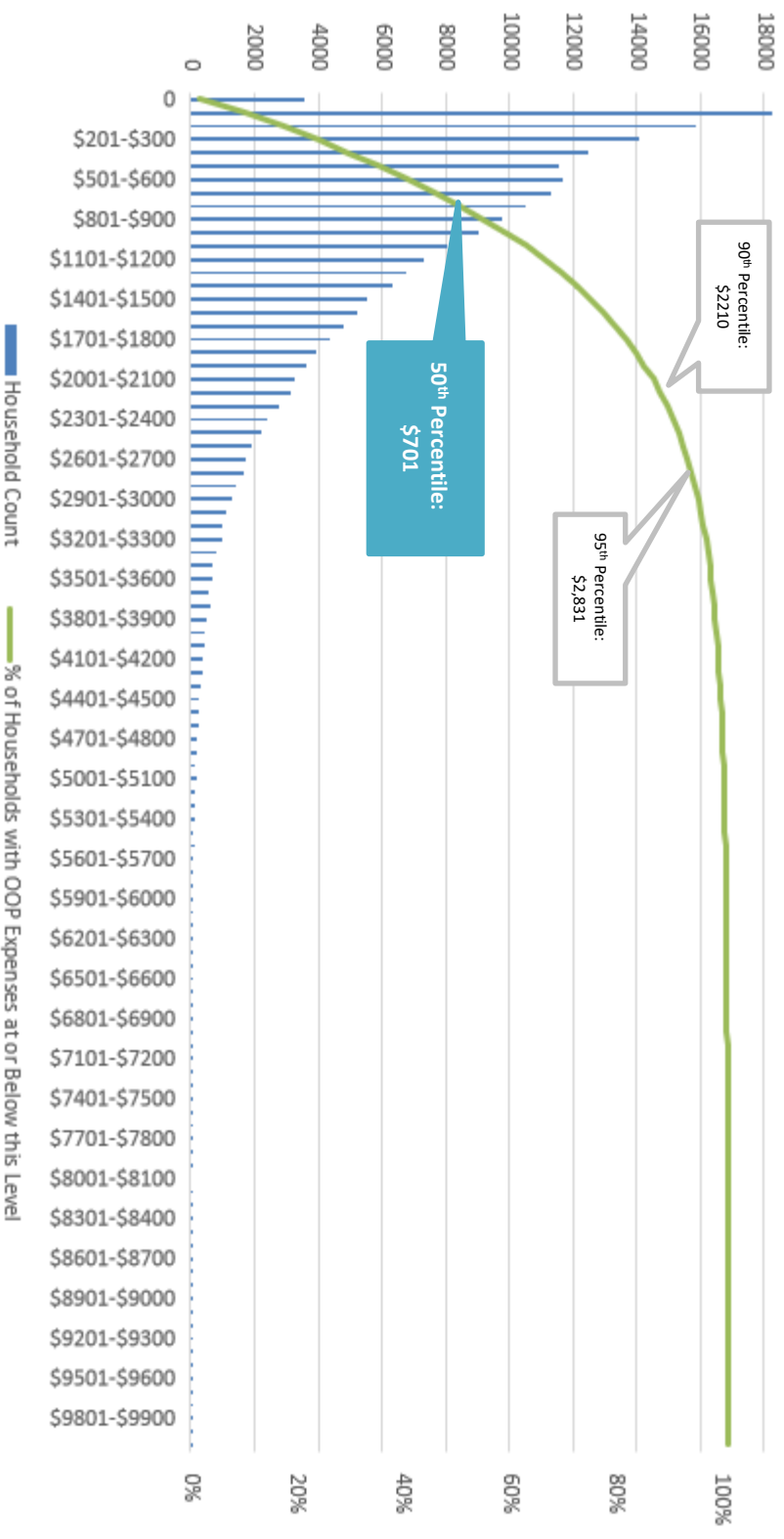
# OOP Cost by Household FY19



- Includes active and Medicare populations, consistent with prior years
- Includes in-network and out-of-network costs, consistent with prior years



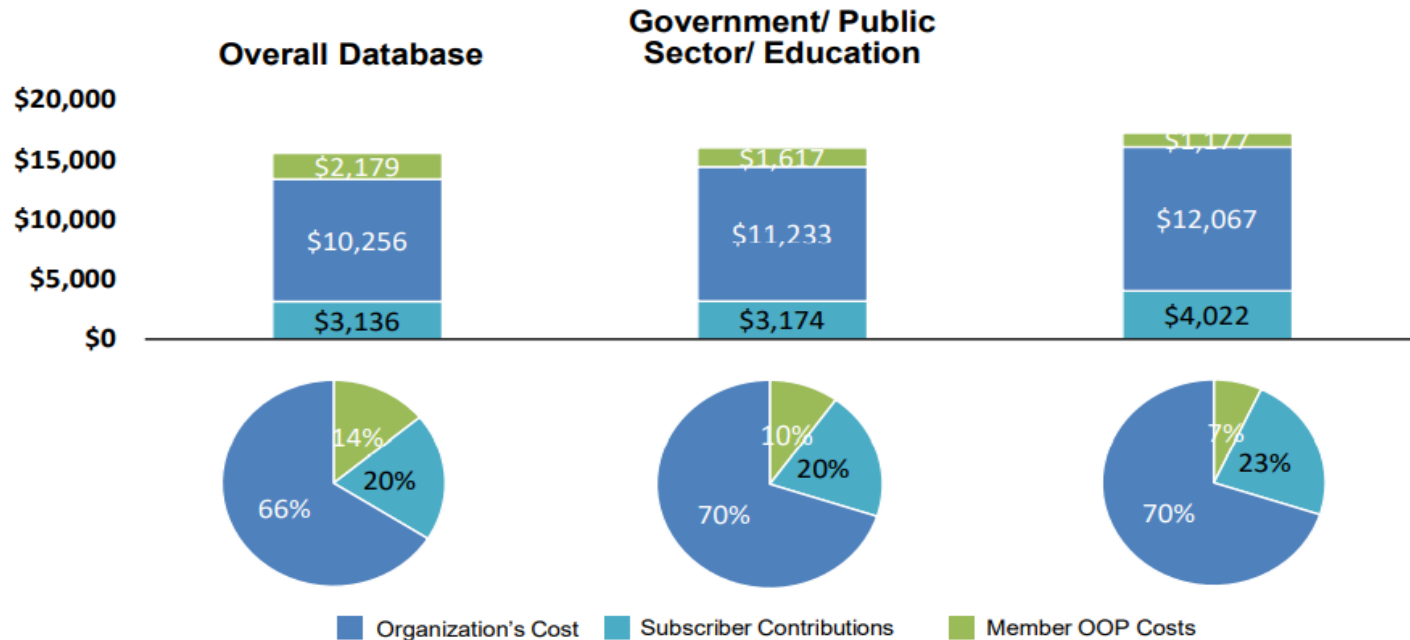
# OOP cost by Household FY20



# Benchmarking GIC health benefits

## Medical Cost Benchmarks

## Total Cost and Contributions



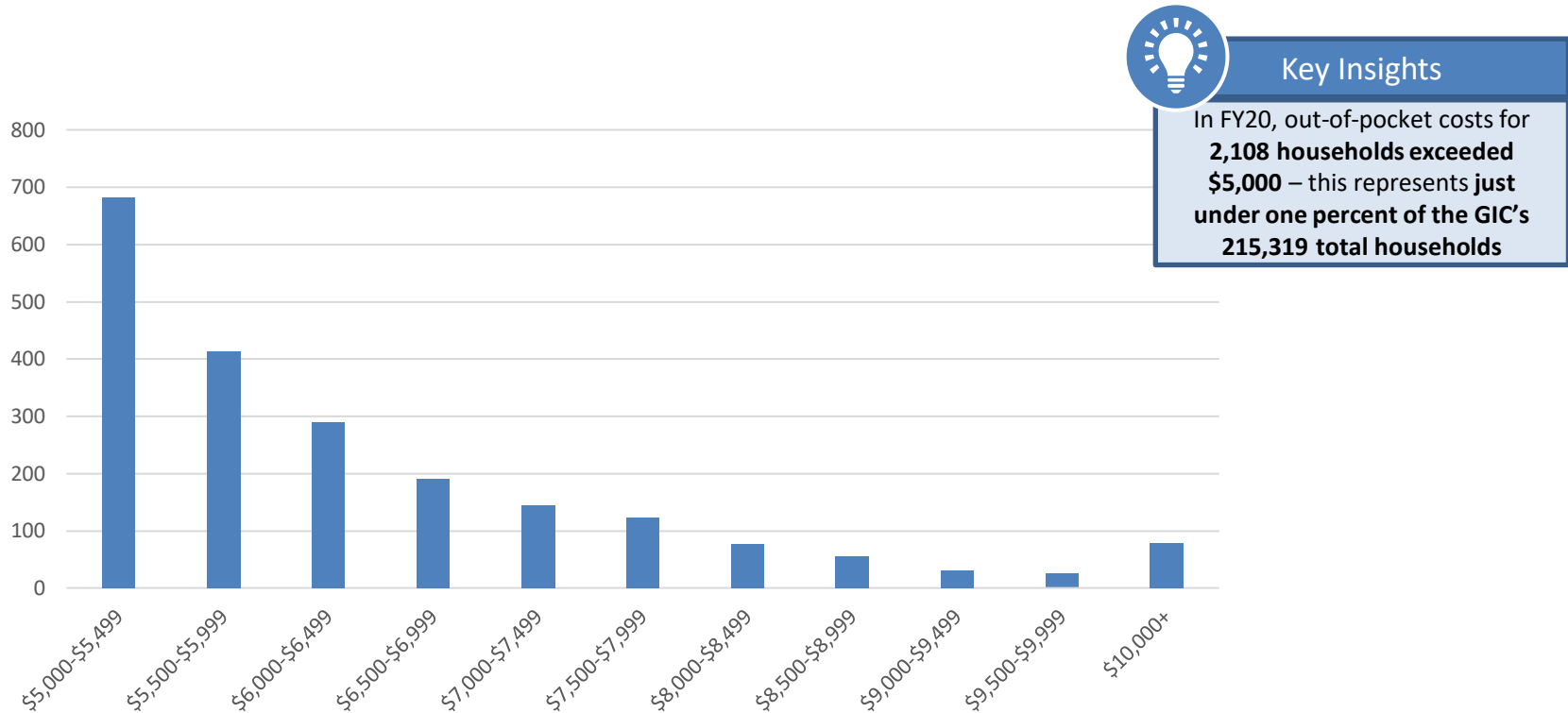
Compared to the overall database, GIC member share of total costs is lower. Compared to others in your industry, your member share of total costs is about average. On average, subscribers pay a greater share of costs in payroll contributions (23%) and a lesser share of costs at point of service (7%). This cost sharing split is consistent with last year.

# High FY20 Out-of-Pocket Costs

**Households with OOP costs of  
greater than \$5,000 in FY20**



# FY19 Household Distribution \$5,000 - \$10,000 Out-of-Pocket



# Key Characteristics

High Out-of-Pocket  
Households (>\$5,000)

**Of the 2,108 households that exceeded \$5,000 in FY20, 930 also exceeded \$5,000 in out-of-pocket costs in the prior fiscal year.**

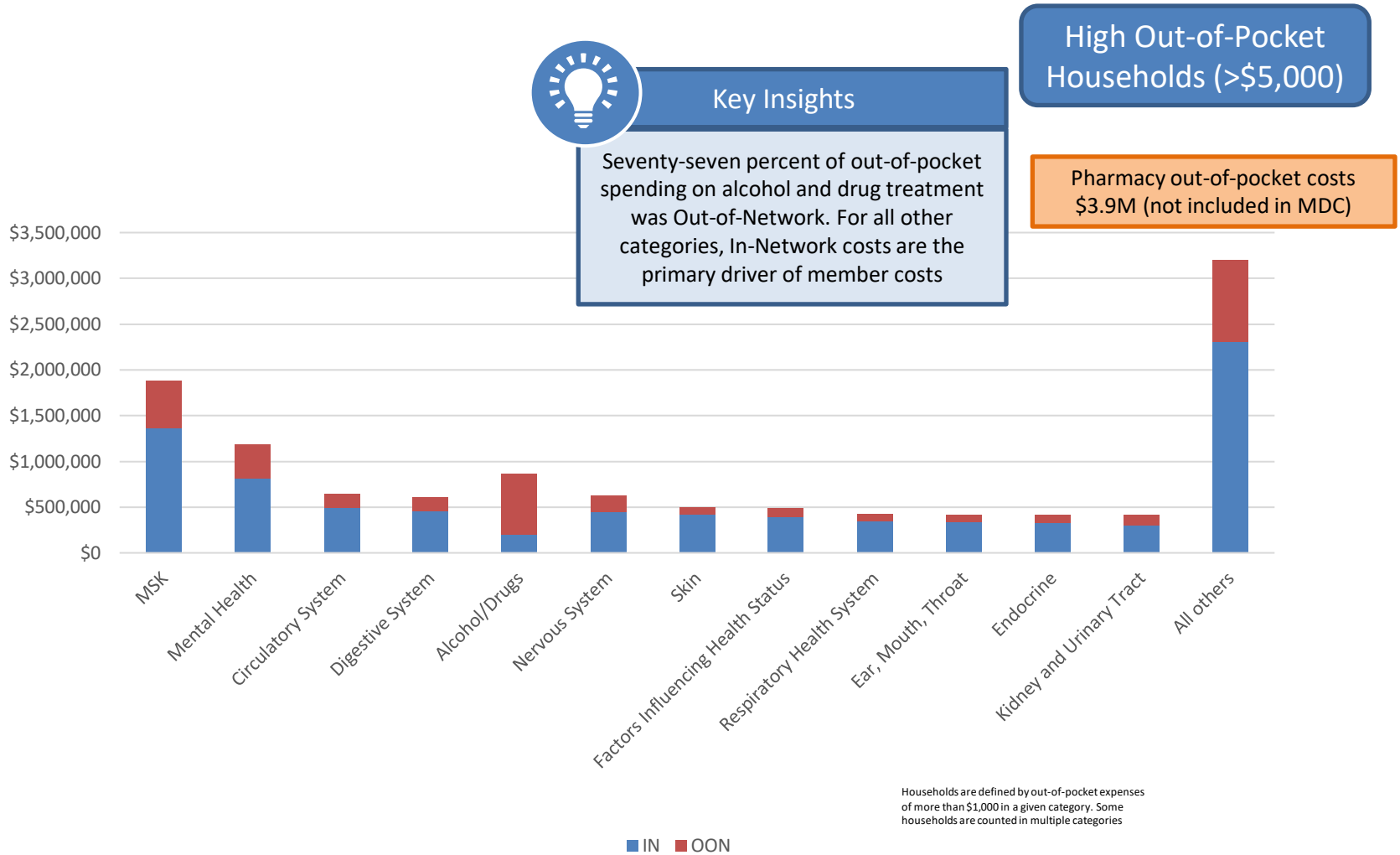
**Large family size was a driver of high out-of-pocket costs** – high out-of-pocket households had an average family size of 3.10 (compared to 1.95 of the full membership)

**Recurrent high out-of-pocket utilizers** – 44% of the 2,108 households exceeded \$5,000 in out-of-pocket costs in both FY19 and FY20

## **Members with high out-of-pocket costs had significant total medical expenses**

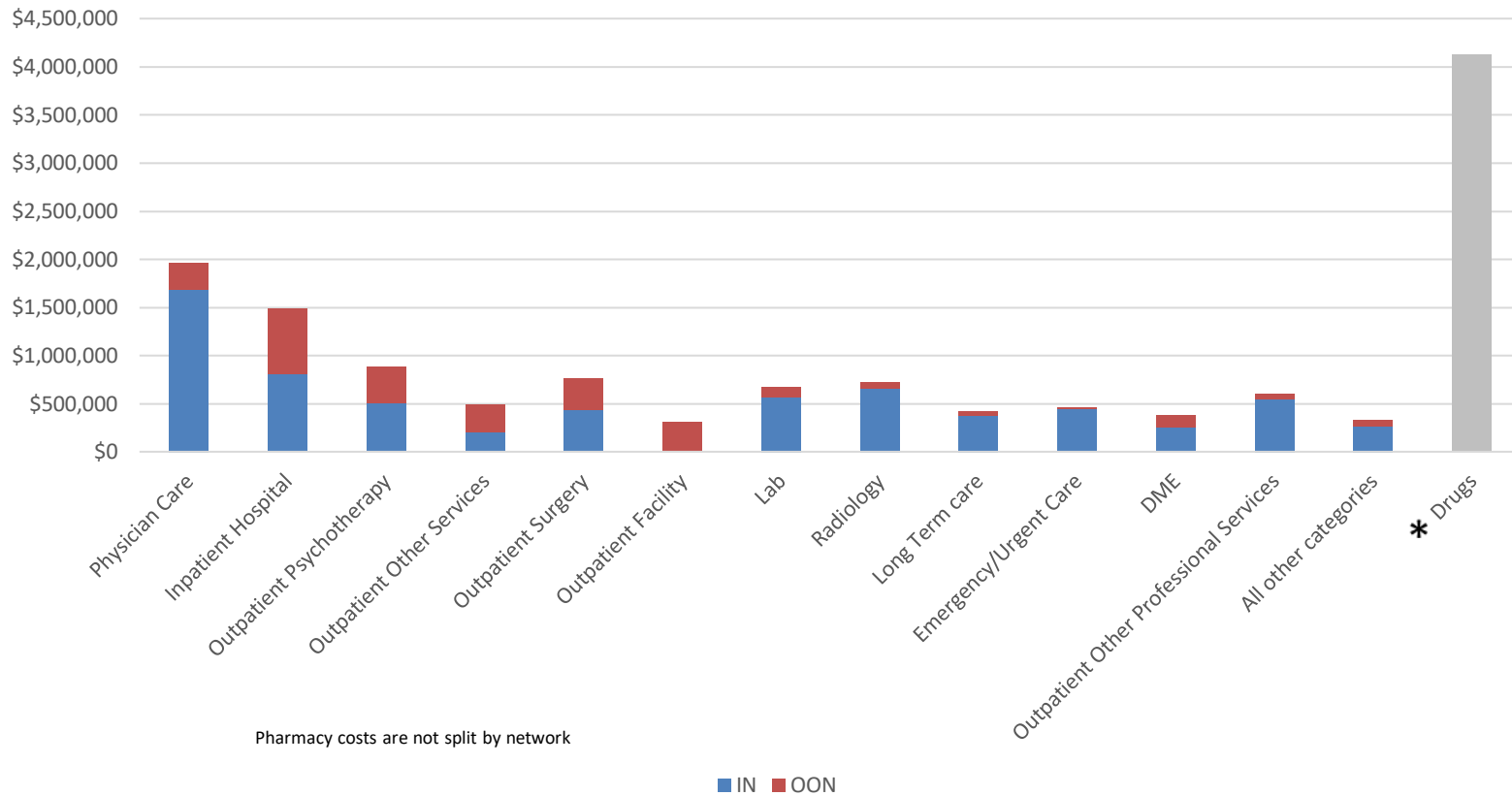
- *On average, GIC's total medical and pharmacy plan paid claims for the high cost out-of-pocket households was \$117,399*
- *600 of the 2,108 households had total costs over \$100,000 in FY20*
- *185 of the 2,108 households had total costs over \$250,000 in FY20*

# Major Diagnostic Category Breakdown



# Type of Service Breakdown

High Out-of-Pocket  
Households (>\$5,000)




# Highest FY20 Out-of-Pocket Costs

**Households with OOP costs of  
greater than \$10,000 in FY20**

# Key Characteristics

Highest Out-of-Pocket  
Households (>\$10,000)

The GIC asked the health plans and PBMs to review the claims history for all members with out-of-pocket costs above \$10,000. Here are a few key themes

 Key Insights

79 households had out-of-pocket costs over \$10,000.

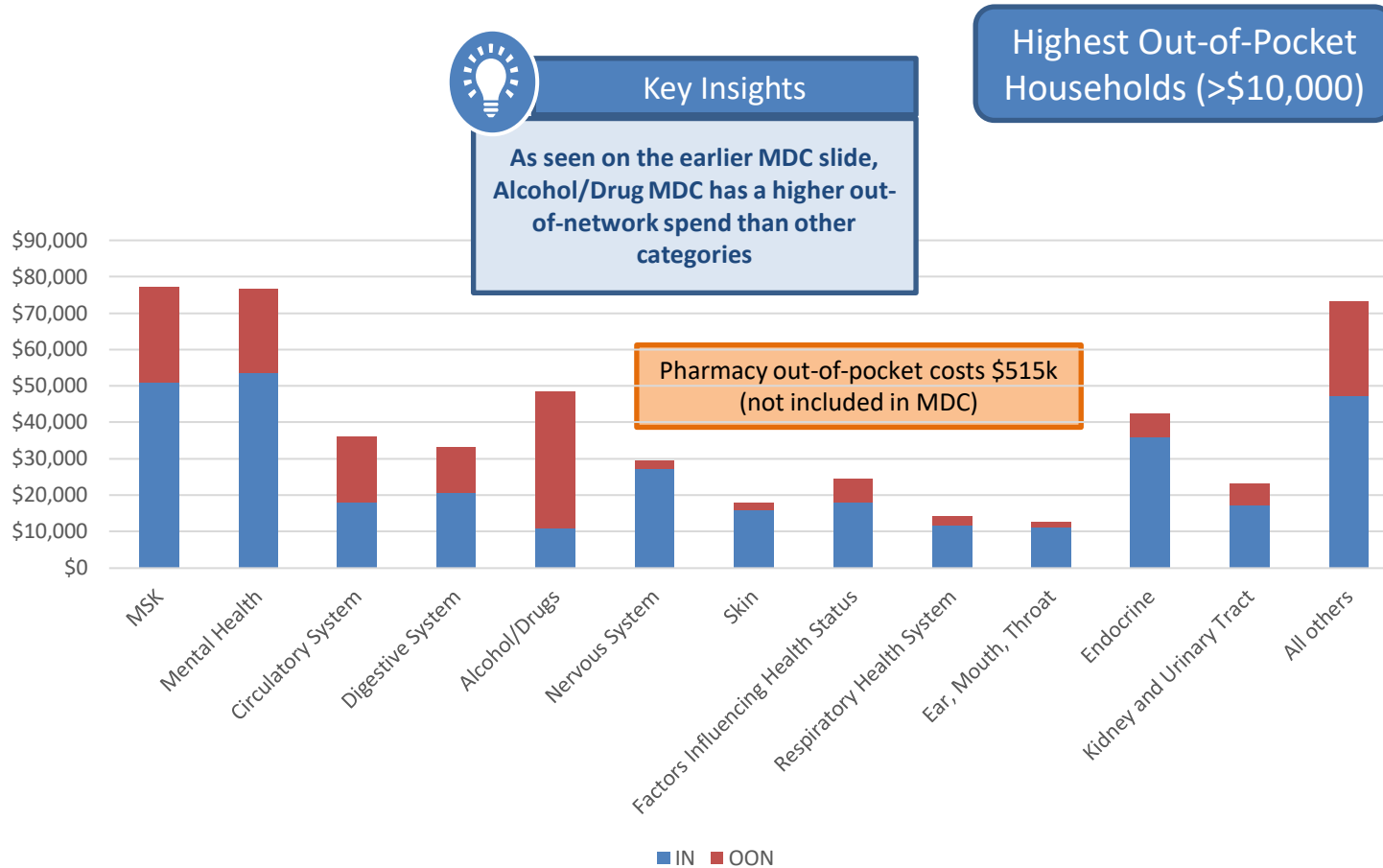
100% of the households with high medical out-of-pocket costs were reached out to for care management – **only 1 member engaged in FY20**

**Pharmacy OOP costs** were the primary driver for 44% of the high OOP households

Highest medical out-of-pocket costs were driven primarily by **out-of-plan facilities (for narrow networks)**

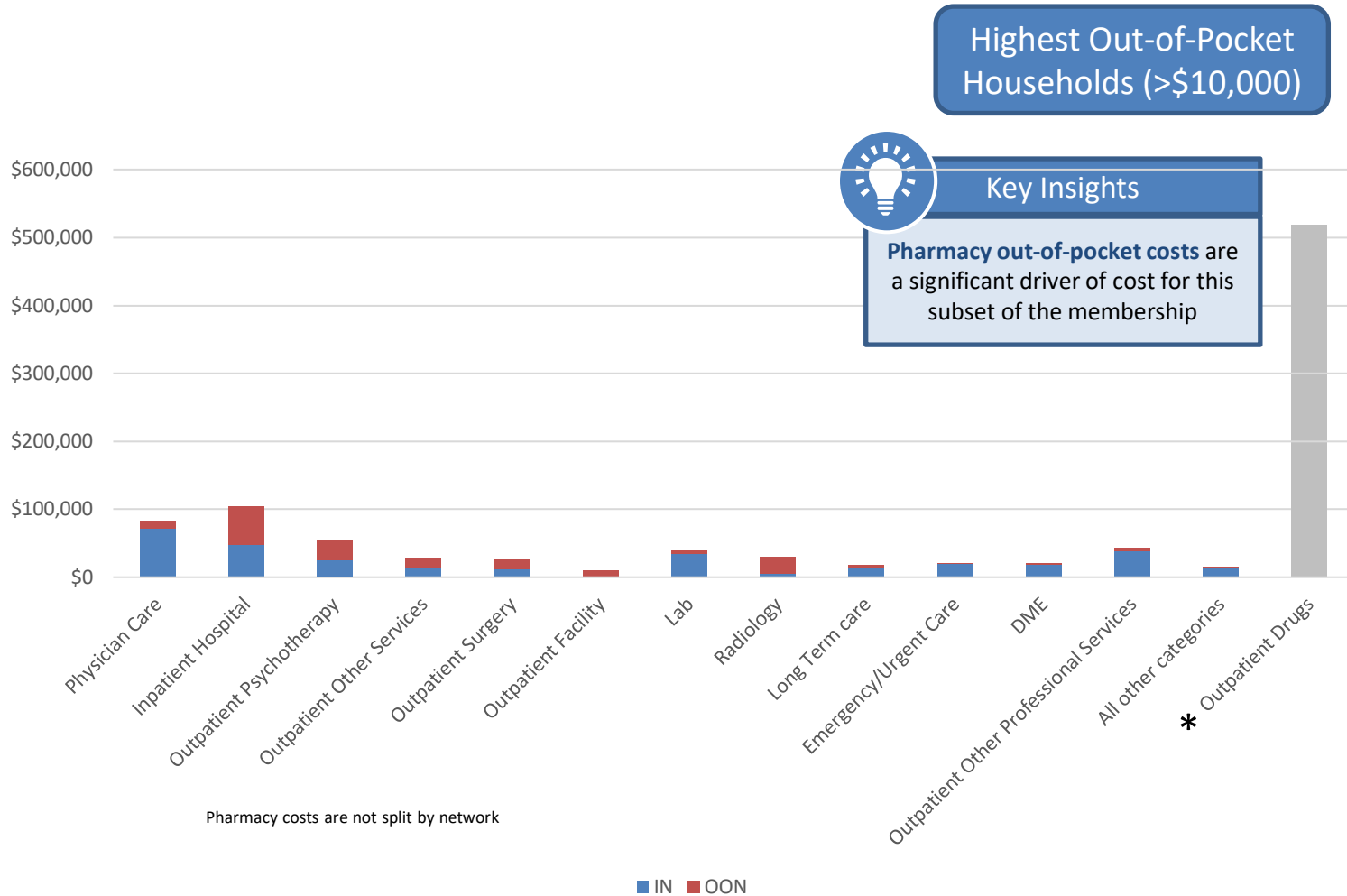
Highest pharmacy OOP costs exceeding \$10,000 were the result of **maintenance medications being filled outside of the plan parameters** – GIC believes many of these members are receiving copay assistance and not paying these OOP costs listed

# Major Diagnostic Category Breakdown



Households are defined by out-of-pocket expenses of more than \$1,000 in a given category. Some households are counted in multiple categories

# Type of Service Breakdown





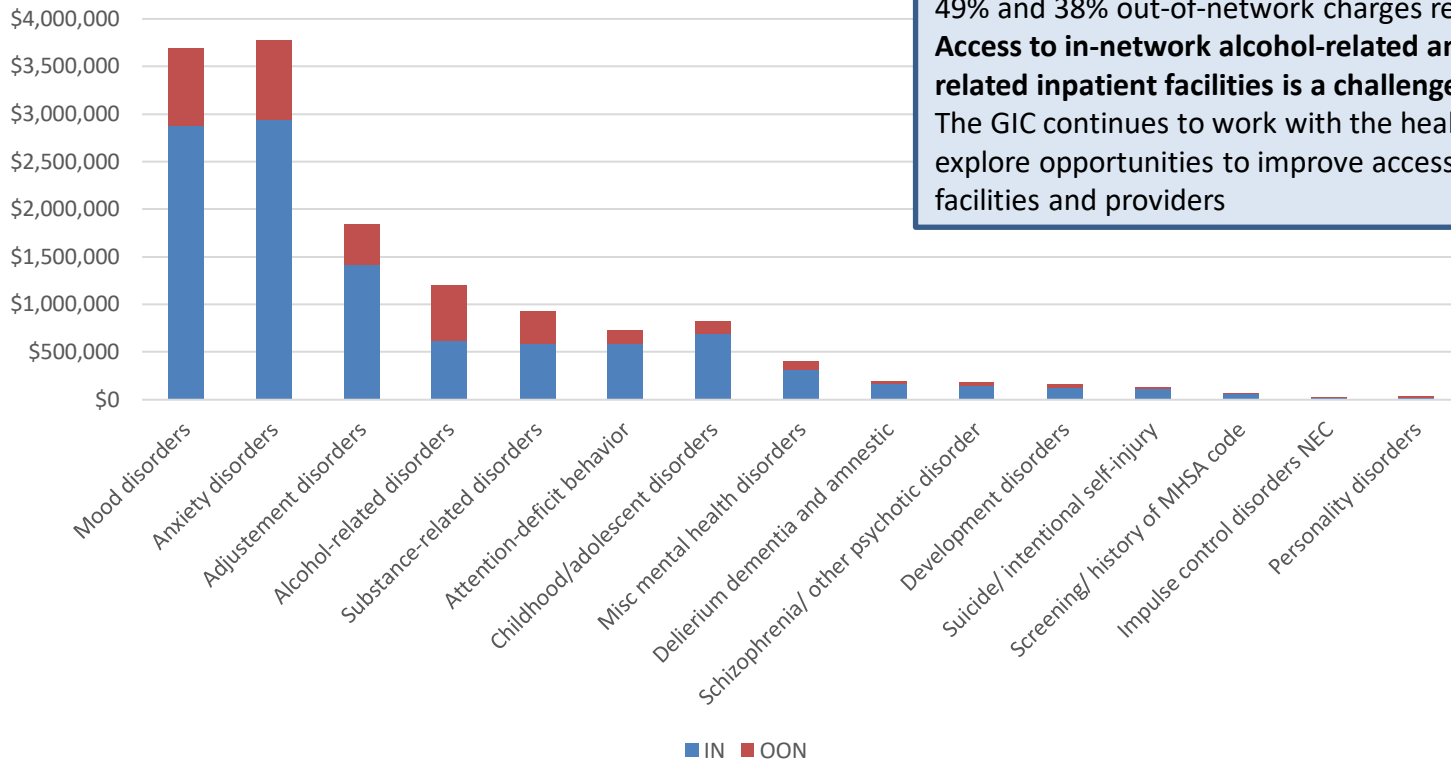
# Behavioral Health Drill-Down

# Breakdown by Diagnosis

## Behavioral Health Full Membership

Pharmacy out-of-pocket costs \$8.6M (not included in Diagnosis), an increase of 1.1M from FY19

**Key Insights**  
**Alcohol-related and substance-related OOP costs have 49% and 38% out-of-network charges respectively.**  
**Access to in-network alcohol-related and substance-related inpatient facilities is a challenge in the market.**  
 The GIC continues to work with the health plans to explore opportunities to improve access to quality facilities and providers



# Pharmacy Drill-Down

# Pharmacy OOP Costs by therapeutic class

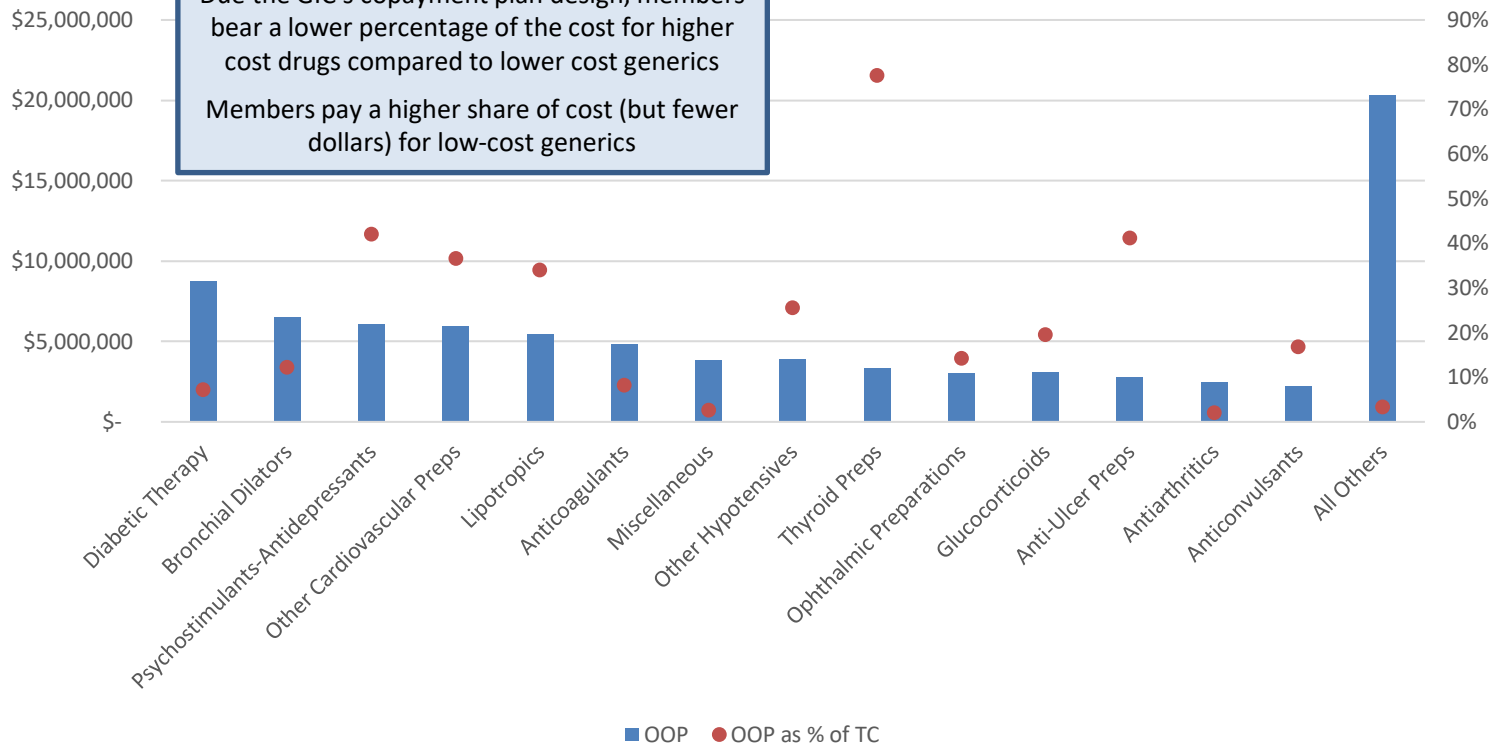
Pharmacy OOP Data Full Membership



## Key Insights

Due to the GIC's copayment plan design, members bear a lower percentage of the cost for higher cost drugs compared to lower cost generics

Members pay a higher share of cost (but fewer dollars) for low-cost generics



# Appendix

# Data Specifications

Unless otherwise specified, all data throughout follows the attached specifications:

- Data is collected from the Optum Datawarehouse
- Data is based on Fiscal Year 2020 (July 1, 2019 through June 30, 2020) incurred date with three months of runout
- Data is reflective of all GIC members (active, Non-Medicare, & Medicare Retirees) unless otherwise noted
- Data reflective of all Medical and Pharmacy claims unless otherwise noted

# Race/ethnicity data collection

Collecting race/ethnicity data on GIC membership is an analytic priority for 2021.

GIC has a three point plan to achieve this:

1. Collect race/ethnicity data from employers, where available, e.g. – UMass (in process)
2. Impute remaining membership race/ethnicity using census data and surname analysis
3. Replace imputed data with self-reported race/ethnicity data gathered through myGIClink portal.

## VI. CFO UPDATE (INFORM)

- Budget and COVID claims update
- FY21 spending to date

Jim Rust, GIC Chief Financial Officer



## VI. CFO UPDATE (INFORM)

### *Budget & Financial:*

## Budget Notes and Updates

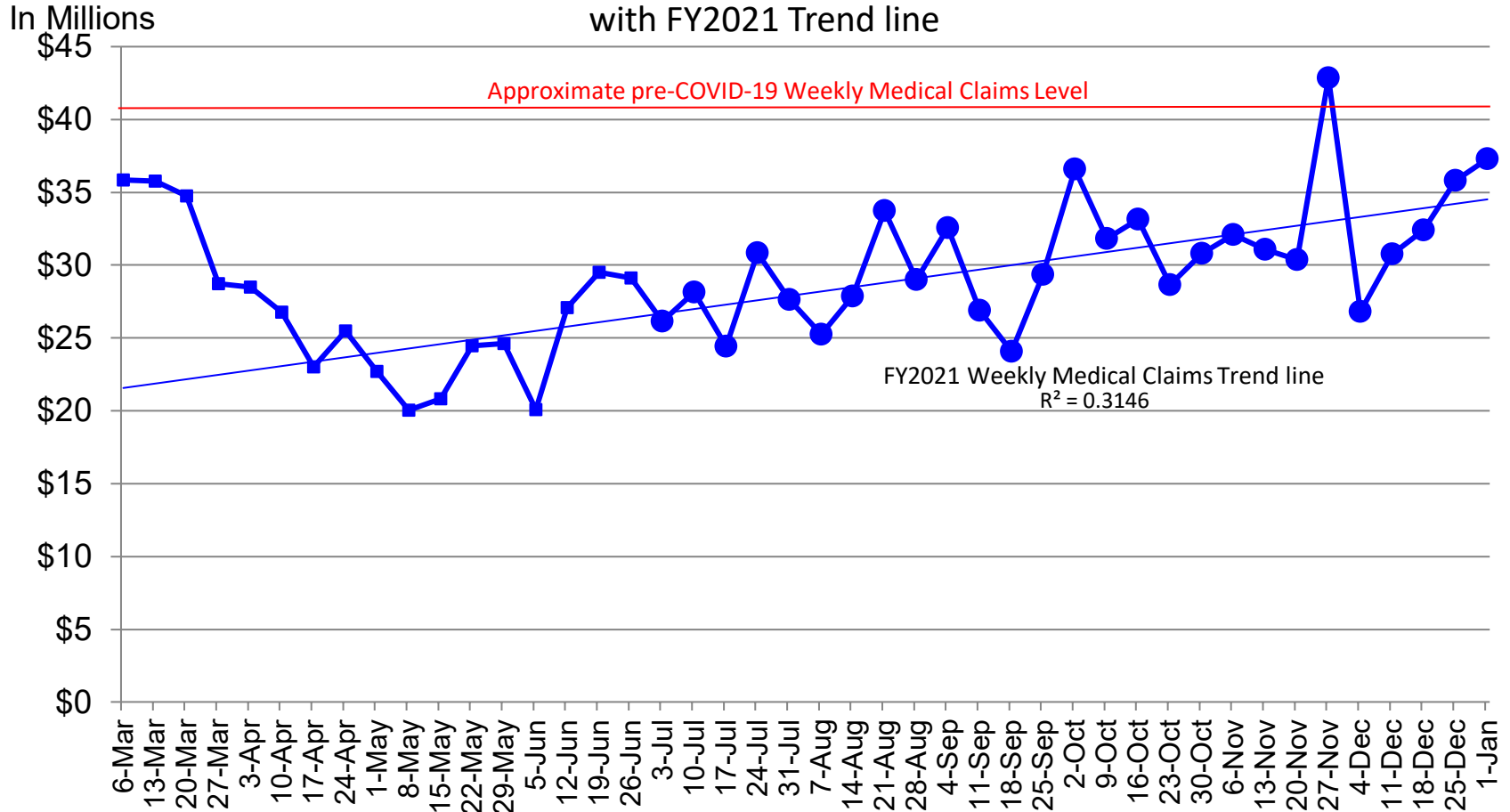
- The FY21 budget is final and GIC was funded at the expected level
  - The FY22 budget building process is ongoing
- Covid-19 claims paid update:
  - FY21 Covid-19 related claims – Approximately \$65.1M
  - FY20 Covid-19 related claims – Approximately \$43.4M
  - Total COVID-19 claims to date – Approximately \$108.5M

| Timeframe (FY2021 paid claims) | Total Spending | Month over Month Increase |
|--------------------------------|----------------|---------------------------|
| COVID thru 7-31 =              | 14,059,116.43  | 14,059,116.43             |
| COVID thru 8-31 =              | 25,109,824.52  | 11,050,708.09             |
| COVID thru 9-30 =              | 31,903,648.41  | 6,793,823.89              |
| COVID thru 10-31 =             | 41,575,400.75  | 9,671,752.34              |
| COVID thru 11-30 =             | 50,226,344.15  | 8,650,943.40              |
| COVID thru 12-31 =             | 65,101,219.25  | 14,874,875.10             |

# Vi. CFO UPDATE (INFORM)

## Budget & Financial:

### GIC Medical Claims for the Week Ending March 6, 2020 through January 1, 2021



# VI. CFO Update (INFORM)

## Budget & Financial:

| FY21 STATE SHARE EXPENSE FOR GIC PREMIUM ACCOUNTS |               |               |                |               |               |               |                 |
|---|---------------|---------------|----------------|---------------|---------------|---------------|-----------------|
|   | July 2020     | August 2020   | September 2020 | October 2020  | November 2020 | December 2020 | TOTAL           |
| Allways Health Claims                             | \$5,812,204   | \$5,523,873   | \$6,084,869    | \$5,304,091   | \$5,684,934   | \$7,002,558   | \$35,412,529    |
| Caremark/Express Scripts/SilverScript Claims      | \$31,063,815  | \$37,919,658  | \$60,020,907   | -\$12,943,392 | \$2,625,647   | \$48,866,285  | \$167,552,921   |
| Davis Vision Claims                               | \$25,904      | \$29,880      | \$29,661       | \$20,931      | \$35,496      | \$46,593      | \$188,464       |
| Fallon Health Claims                              | \$4,873,114   | \$5,211,090   | \$4,437,874    | \$4,404,298   | \$6,343,601   | \$4,434,257   | \$29,704,235    |
| Harvard Pilgrim Claims                            | \$30,742,851  | \$23,793,092  | \$34,261,639   | \$25,105,831  | \$26,918,727  | \$31,559,498  | \$172,381,637   |
| Health New England Claims                         | \$7,052,990   | \$7,347,837   | \$6,081,038    | \$5,249,524   | \$6,797,791   | \$6,946,821   | \$39,476,000    |
| Tufts Navigator Claims                            | \$31,584,329  | \$24,102,500  | \$27,224,857   | \$32,874,775  | \$27,314,647  | \$29,905,648  | \$173,006,755   |
| Tufts Spirit and Medicare Complement Claims       | \$3,400,288   | \$2,396,931   | \$2,830,703    | \$3,561,139   | \$2,869,780   | \$2,884,534   | \$17,943,376    |
| Unicare Claims                                    | \$43,178,822  | \$62,769,083  | \$47,441,478   | \$55,415,628  | \$65,927,599  | \$51,741,290  | \$326,473,899   |
| Other costs                                       | \$32,116      | \$1,342,358   | \$740,820      | \$144,433     | \$789,999     | \$258,467     | \$3,308,194     |
| Claims sub-total                                  | \$157,766,432 | \$170,436,302 | \$189,153,847  | \$119,137,259 | \$145,308,220 | \$183,645,951 | \$965,448,011   |
| Basic Life  | \$830,652     | \$831,801     | \$828,111      | \$828,290     | \$827,544     | \$826,290     | \$4,972,688     |
| Optional Life                                     | \$0           | \$0           | \$0            | \$0           | \$0           | \$0           | \$0             |
| RMT Life  | \$46,353      | \$46,288      | \$46,182       | \$47,037      | \$47,243      | \$47,236      | \$280,338       |
| Long-Term Disability                              | \$0           | \$0           | \$0            | \$0           | \$0           | \$0           | \$0             |
| Dental  | \$718,399     | \$717,807     | \$712,364      | \$712,922     | \$711,047     | \$711,108     | \$4,283,646     |
| Tufts Medicare Preferred                          | \$669,376     | \$669,824     | \$672,766      | \$678,415     | \$681,629     | \$680,491     | \$4,052,500     |
| UBH Optum   | \$111,384     | \$111,384     | \$111,384      | \$111,384     | \$111,384     | \$111,384     | \$668,304       |
| ASO Administrative Fee                            | \$6,778,249   | \$6,780,846   | \$6,740,184    | \$6,721,725   | \$6,729,457   | \$6,721,475   | \$40,471,936    |
| Premiums sub-total                                | \$9,154,413   | \$9,157,950   | \$9,110,991    | \$9,099,773   | \$9,108,303   | \$9,097,982   | \$54,729,411    |
| <b>TOTAL</b>                                      | \$166,920,844 | \$179,594,252 | \$198,264,838  | \$128,237,031 | \$154,416,523 | \$192,743,933 | \$1,020,177,422 |

- Medical claims volume trended slightly upward in December, but remain consistent with June reopening levels and are not yet approaching pre-Covid volume
- Pharmacy rebates and credits were significant and larger than expected in October and November resulting in lower overall spending in those months

# VI. CFO Update (INFORM)

## Budget & Financial:

### FY21 ENROLLEE SHARE EXPENSE FOR GIC PREMIUM ACCOUNTS

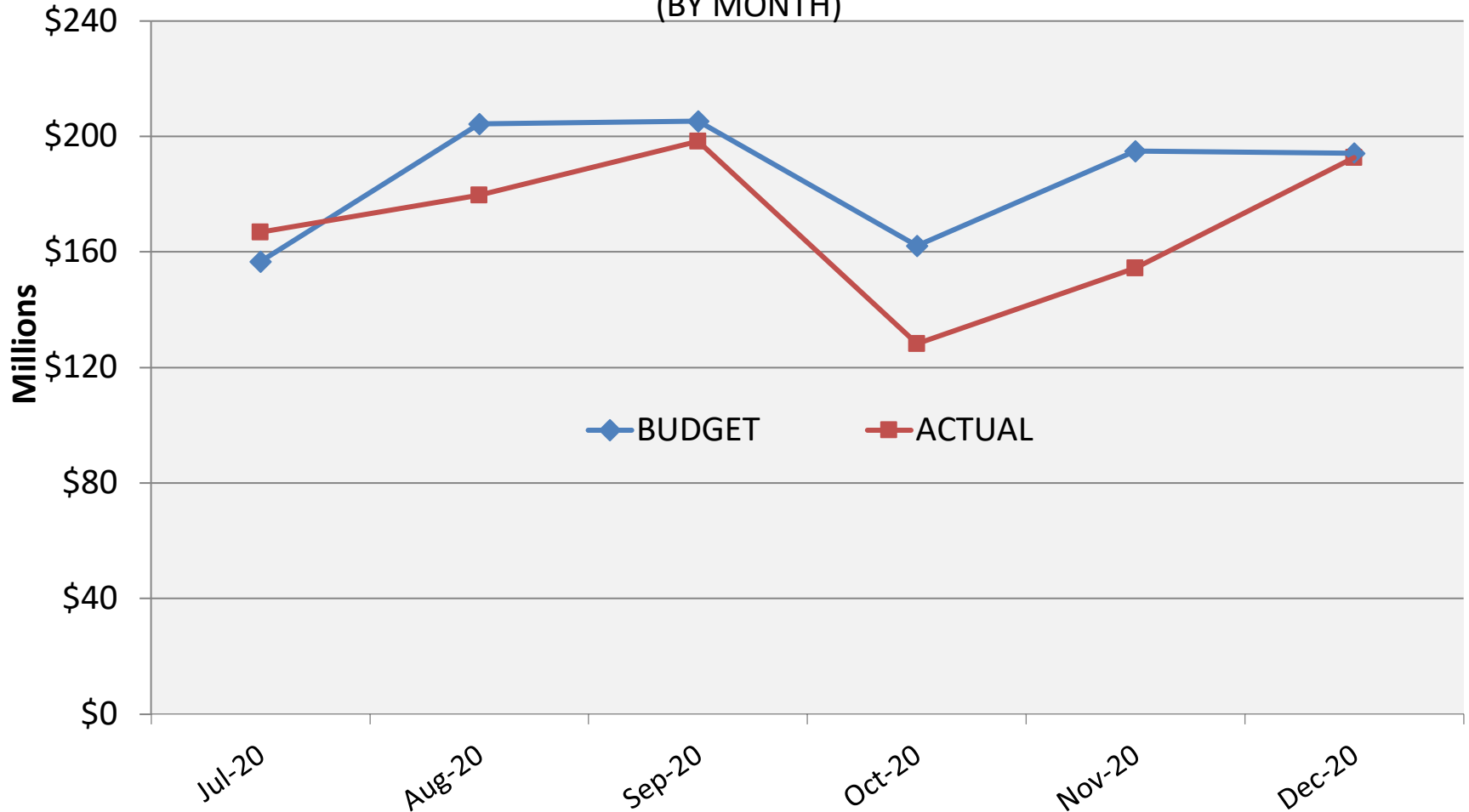
|  | July 2020           | August 2020         | September 2020      | October 2020        | November 2020       | December 2020       | TOTAL                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Allways Health Claims                        | \$1,717,115         | \$1,627,880         | \$1,790,465         | \$1,564,286         | \$1,676,275         | \$2,064,195         | \$10,440,217         |
| Caremark/Express Scripts/SilverScript Claims | \$8,683,641         | \$9,037,360         | \$15,183,128        | -\$3,322,304        | \$2,372,081         | \$12,850,448        | \$44,804,354         |
| Davis Vision Claims                          | \$4,571             | \$5,273             | \$5,234             | \$3,694             | \$6,264             | \$7,747             | \$32,783             |
| Fallon Health Claims                         | \$1,405,709         | \$1,495,825         | \$1,270,102         | \$1,263,811         | \$1,818,678         | \$1,274,024         | \$8,528,150          |
| Harvard Pilgrim Claims                       | \$8,316,735         | \$6,416,445         | \$9,241,658         | \$6,783,791         | \$7,282,417         | \$8,530,620         | \$46,571,666         |
| Health New England Claims                    | \$2,018,128         | \$2,108,219         | \$1,737,178         | \$1,505,632         | \$1,946,876         | \$1,999,124         | \$11,315,157         |
| Tufts Navigator Claims                       | \$8,713,332         | \$6,645,911         | \$7,502,479         | \$9,065,923         | \$7,546,087         | \$8,270,295         | \$47,744,027         |
| Tufts Spirit and Medicare Complement Claims  | \$940,775           | \$654,583           | \$763,999           | \$977,073           | \$784,251           | \$800,608           | \$4,921,289          |
| Unicare Claims                               | \$11,914,772        | \$17,362,123        | \$13,077,091        | \$15,305,568        | \$18,267,787        | \$14,339,794        | \$90,267,136         |
| Other costs                                  | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 | \$0                  |
| <b>Claims sub-total</b>                      | <b>\$43,714,779</b> | <b>\$45,353,620</b> | <b>\$50,571,334</b> | <b>\$33,147,473</b> | <b>\$41,700,717</b> | <b>\$50,136,855</b> | <b>\$264,624,777</b> |
| Basic Life                                   | \$224,883           | \$225,060           | \$223,751           | \$223,923           | \$223,961           | \$223,603           | \$1,345,182          |
| Optional Life                                | \$3,923,235         | \$3,923,170         | \$3,925,204         | \$3,953,910         | \$3,960,605         | \$3,969,662         | \$23,655,787         |
| RMT Life                                     | \$11,636            | \$11,620            | \$11,593            | \$11,808            | \$11,859            | \$11,858            | \$70,373             |
| Long-Term Disability                         | \$1,251,801         | \$1,249,859         | \$1,246,794         | \$1,247,604         | \$1,248,771         | \$1,247,192         | \$7,492,021          |
| Dental                                       | \$2,040,398         | \$2,048,286         | \$2,051,202         | \$2,067,762         | \$2,073,721         | \$2,078,821         | \$12,360,190         |
| Tufts Medicare Preferred                     | \$137,007           | \$137,268           | \$138,055           | \$139,328           | \$140,196           | \$139,914           | \$831,768            |
| UBH Optum                                    | \$19,656            | \$19,656            | \$19,656            | \$19,656            | \$19,656            | \$19,656            | \$117,936            |
| ASO Administrative Fee                       | \$1,840,273         | <u>\$1,840,081</u>  | <u>\$1,827,160</u>  | <u>\$1,823,898</u>  | \$1,828,865         | <u>\$1,827,236</u>  | <u>\$10,987,513</u>  |
| <b>Premiums sub-total</b>                    | <b>\$9,448,890</b>  | <b>\$9,455,000</b>  | <b>\$9,443,415</b>  | <b>\$9,487,889</b>  | <b>\$9,507,634</b>  | <b>\$9,517,943</b>  | <b>\$56,860,769</b>  |
| <b>TOTAL</b>                                 | <b>\$53,163,668</b> | <b>\$54,808,620</b> | <b>\$60,014,748</b> | <b>\$42,635,362</b> | <b>\$51,208,350</b> | <b>\$59,654,799</b> | <b>\$321,485,546</b> |

- Enrollee share paid claims have an identical pattern

# VI. CFO UPDATE (INFORM)

## Budget & Financial:

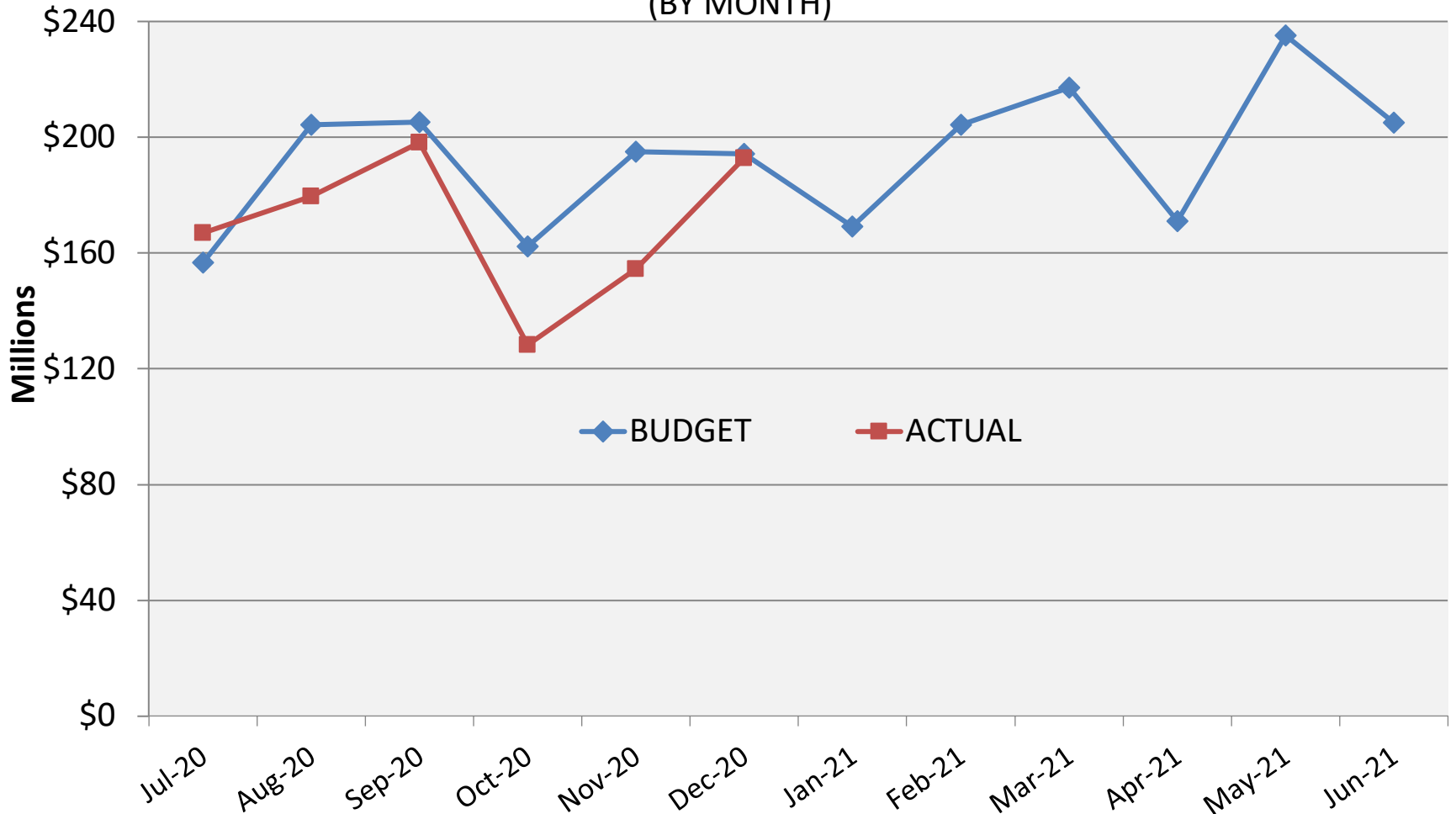
### GROUP INSURANCE COMMISSION APPROPRIATION FOR PREMIUM ACCOUNTS FY21 BUDGETED VS. ACTUAL (BY MONTH)



# VI. CFO UPDATE (INFORM)

## Budget & Financial:

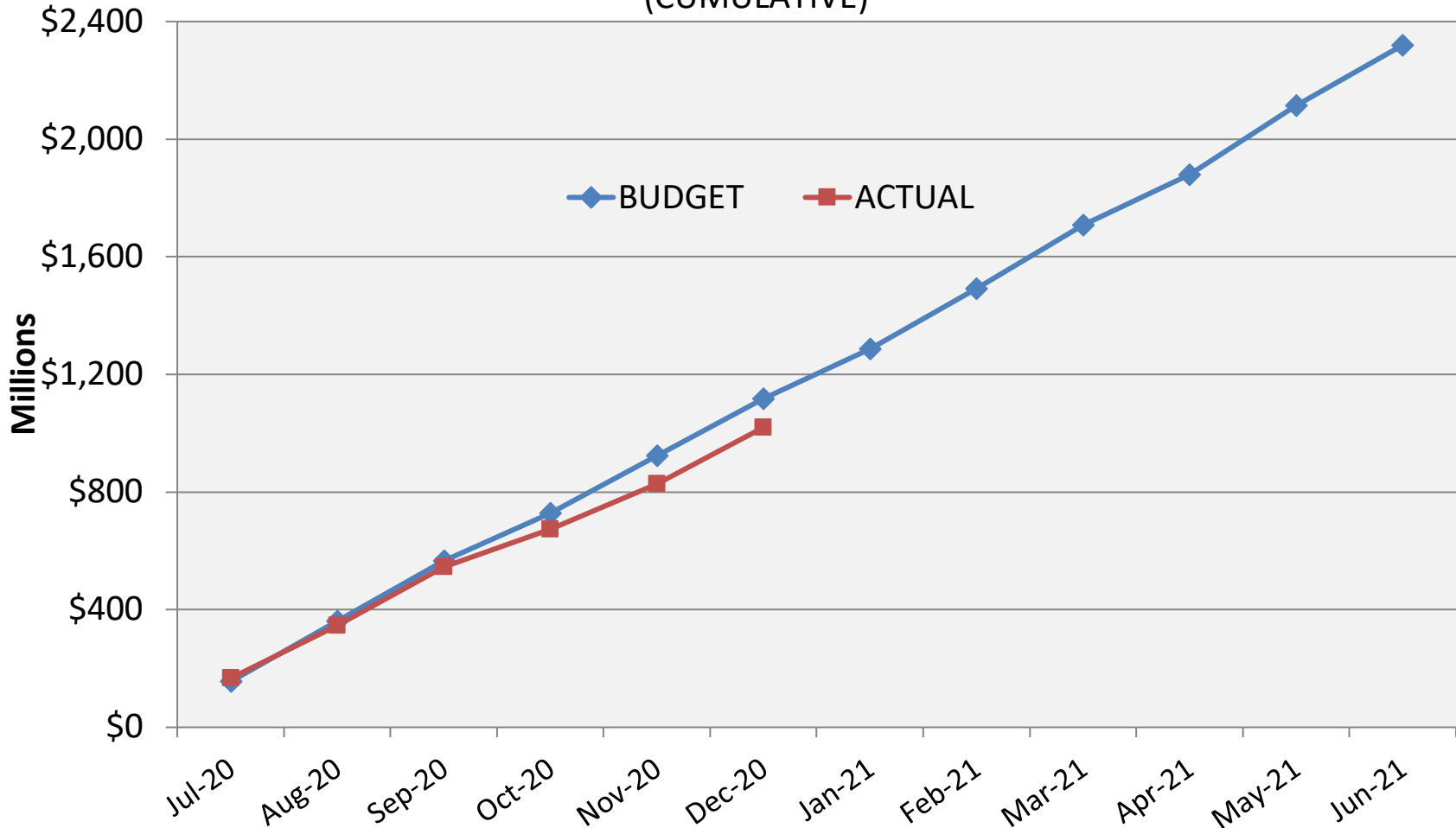
### GROUP INSURANCE COMMISSION APPROPRIATION FOR PREMIUM ACCOUNTS FY21 BUDGETED VS. ACTUAL (BY MONTH)



# VI. CFO UPDATE (INFORM)

## Budget & Financial:

### GROUP INSURANCE COMMISSION APPROPRIATION FOR PREMIUM ACCOUNTS FY21 BUDGETED VS. ACTUAL (CUMULATIVE)



## VI. CFO UPDATE (INFORM)

### *Budget & Financial:*

#### FY21 STATE SHARE PREMIUM BUDGET FOR GIC PREMIUM ACCOUNTS AS OF DECEMBER 31, 2020

|   | BUDGET          | EXPENSES        | (Over)/Under<br>Budget | % VAR |
|---|-----------------|-----------------|------------------------|-------|
| Basic Life & Health<br>Account #1108-5200<br>& #1599-6152 | \$1,112,926,297 | \$1,015,705,312 | \$97,220,985           | 8.7%  |
| Active Dental & Vision Benefits *<br>Account #1108-5500   | \$4,831,193     | \$4,472,110     | \$359,082              | 7.4%  |
| Total State Share<br>YTD                                  | \$1,117,757,490 | \$1,020,177,422 | \$97,580,067           | 8.7%  |

- *The majority of GIC spending is in the accounts that provide health insurance and basic life for state and municipal enrollees*
- *The FY21 variance is marked against the approved budget*
- *Budget performance is largely driven by lower utilization*
- *This pattern is consistent with an increase in Covid cases and related restrictions*



## VII. Other Business/Adjournment

### FY21 GIC Commission Meeting Schedule

- Unless otherwise announced in the public notice, all meetings take place from 8:30 am - 10:30 am on the 3<sup>rd</sup> Thursday of the month.
- Meeting notices and materials including the agenda and presentation are available at [www.mass.gov/gic](http://www.mass.gov/gic) under Upcoming Events prior to the meeting and under Recent Events after the meeting.

#### **Please note these exceptions:**

- February's meeting is scheduled on the 2<sup>nd</sup> Thursday and March's meeting is scheduled on the 1<sup>st</sup> Thursday to make decisions regarding the next Benefit Year in a timely manner prior to Annual Enrollment in May.

#### **Please note these changes:**

- April will have a meeting this year due to efficiencies gained through elimination and reduction of printed materials.
- Until the ban on public gatherings is lifted, Commissioners will attend meetings remotely via a video-conferencing platform provided by GIC.
- Anyone with Internet access can view the livestream via the MA Group Insurance Commission channel on YouTube. The meeting is recorded, so it can be replayed at any time.

# FY2021 Group Insurance Commission Meetings

| July |    |    |    |    |    |    |
|------|----|----|----|----|----|----|
| S    | M  | T  | W  | T  | F  | S  |
|      |    |    | 1  | 2  | 3  | 4  |
| 5    | 6  | 7  | 8  | 9  | 10 | 11 |
| 12   | 13 | 14 | 15 | 16 | 17 | 18 |
| 19   | 20 | 21 | 22 | 23 | 24 | 25 |
| 26   | 27 | 28 | 29 | 30 | 31 |    |

| October |    |    |    |    |    |    |
|---------|----|----|----|----|----|----|
| S       | M  | T  | W  | T  | F  | S  |
|         |    |    |    | 1  | 2  | 3  |
| 4       | 5  | 6  | 7  | 8  | 9  | 10 |
| 11      | 12 | 13 | 14 | 15 | 16 | 17 |
| 18      | 19 | 20 | 21 | 22 | 23 | 24 |
| 25      | 26 | 27 | 28 | 29 | 30 | 31 |

| January |    |    |    |    |    |    |
|---------|----|----|----|----|----|----|
| S       | M  | T  | W  | T  | F  | S  |
|         |    |    |    |    | 1  | 2  |
| 3       | 4  | 5  | 6  | 7  | 8  | 9  |
| 10      | 11 | 12 | 13 | 14 | 15 | 16 |
| 17      | 18 | 19 | 20 | 21 | 22 | 23 |
| 24/31   | 25 | 26 | 27 | 28 | 29 | 30 |

| April |    |    |    |    |    |    |
|-------|----|----|----|----|----|----|
| S     | M  | T  | W  | T  | F  | S  |
|       |    |    |    | 1  | 2  | 3  |
| 4     | 5  | 6  | 7  | 8  | 9  | 10 |
| 11    | 12 | 13 | 14 | 15 | 16 | 17 |
| 18    | 19 | 20 | 21 | 22 | 23 | 24 |
| 25    | 26 | 27 | 28 | 29 | 30 |    |

| August |       |    |    |    |    |    |
|--------|-------|----|----|----|----|----|
| S      | M     | T  | W  | T  | F  | S  |
|        |       |    |    |    |    | 1  |
| 2      | 3     | 4  | 5  | 6  | 7  | 8  |
| 9      | 10    | 11 | 12 | 13 | 14 | 15 |
| 16     | 17    | 18 | 19 | 20 | 21 | 22 |
| 23/30  | 24/31 | 25 | 26 | 27 | 28 | 29 |

| November |    |    |    |    |    |    |
|----------|----|----|----|----|----|----|
| S        | M  | T  | W  | T  | F  | S  |
| 1        | 2  | 3  | 4  | 5  | 6  | 7  |
| 8        | 9  | 10 | 11 | 12 | 13 | 14 |
| 15       | 16 | 17 | 18 | 19 | 20 | 21 |
| 22       | 23 | 24 | 25 | 26 | 27 | 28 |
| 29       | 30 |    |    |    |    |    |

| February |    |    |    |    |    |    |
|----------|----|----|----|----|----|----|
| S        | M  | T  | W  | T  | F  | S  |
|          | 1  | 2  | 3  | 4  | 5  | 6  |
| 7        | 8  | 9  | 10 | 11 | 12 | 13 |
| 14       | 15 | 16 | 17 | 18 | 19 | 20 |
| 21       | 22 | 23 | 24 | 25 | 26 | 27 |
| 28       |    |    |    |    |    |    |

| May   |       |    |    |    |    |    |
|-------|-------|----|----|----|----|----|
| S     | M     | T  | W  | T  | F  | S  |
|       |       |    |    |    |    | 1  |
| 2     | 3     | 4  | 5  | 6  | 7  | 8  |
| 9     | 10    | 11 | 12 | 13 | 14 | 15 |
| 16    | 17    | 18 | 19 | 20 | 21 | 22 |
| 23/30 | 24/31 | 25 | 26 | 27 | 28 | 29 |

| September |    |    |    |    |    |    |
|-----------|----|----|----|----|----|----|
| S         | M  | T  | W  | T  | F  | S  |
|           |    | 1  | 2  | 3  | 4  | 5  |
| 6         | 7  | 8  | 9  | 10 | 11 | 12 |
| 13        | 14 | 15 | 16 | 17 | 18 | 19 |
| 20        | 21 | 22 | 23 | 24 | 25 | 26 |
| 27        | 28 | 29 | 30 |    |    |    |

| December |    |    |    |    |    |    |
|----------|----|----|----|----|----|----|
| S        | M  | T  | W  | T  | F  | S  |
|          |    | 1  | 2  | 3  | 4  | 5  |
| 6        | 7  | 8  | 9  | 10 | 11 | 12 |
| 13       | 14 | 15 | 16 | 17 | 18 | 19 |
| 20       | 21 | 22 | 23 | 24 | 25 | 26 |
| 27       | 28 | 29 | 30 | 31 |    |    |

| March |    |    |    |    |    |    |
|-------|----|----|----|----|----|----|
| S     | M  | T  | W  | T  | F  | S  |
|       | 1  | 2  | 3  | 4  | 5  | 6  |
| 7     | 8  | 9  | 10 | 11 | 12 | 13 |
| 14    | 15 | 16 | 17 | 18 | 19 | 20 |
| 21    | 22 | 23 | 24 | 25 | 26 | 27 |
| 28    | 29 | 30 | 31 |    |    |    |

| June |    |    |    |    |    |    |
|------|----|----|----|----|----|----|
| S    | M  | T  | W  | T  | F  | S  |
|      |    | 1  | 2  | 3  | 4  | 5  |
| 6    | 7  | 8  | 9  | 10 | 11 | 12 |
| 13   | 14 | 15 | 16 | 17 | 18 | 19 |
| 20   | 21 | 22 | 23 | 24 | 25 | 26 |
| 27   | 28 | 29 | 30 |    |    |    |

## **APPENDIX**

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

### III. Appendix: Benefit Procurement & Vendor Management

- Appendix for FY22 Plan Design (INFORM)

Denise Donnelly, Director  
Benefit Procurement & Vendor Management

# FY 22 Proposed Plan Design Considerations

## No change to carriers or products offered

| <b>Product type</b>     | <b>Available through</b>                      |
|-------------------------|---|
| National Indemnity Plan | UniCare                                       |
| Broad Network           | UniCare<br>Harvard Pilgrim<br>Tufts<br>Fallon |
| Limited Network         | UniCare<br>Harvard Pilgrim<br>Tufts<br>Fallon |
| Regional Network        | Allways<br>Health New England                 |

# WTW Financial Benchmarking Survey



How do your plan designs compare to the database?

| Medical*<br>(Single/Family)                             |                      |                        |                      |                   |                        | Database             |   |
|---|----------------------|------------------------|----------------------|-------------------|------------------------|----------------------|---|
|   | HPHC<br>Independence | Tufts<br>Navigator     | UniCare<br>Basic     | UniCare CC        | UniCare<br>Plus        | All<br>Companies     | Government<br>/ Public<br>Sector /<br>Education |
| <b>Deductible</b>                                       | \$500 / \$1,000      | \$500 / \$1,000        | \$500 / \$1,000      | \$400/\$800       | \$500/\$1000           | \$750 / \$1,500      | \$500 / \$1,500                                 |
| <b>Plan Coinsurance</b>                                 | 100%                 | 100%                   | 100%                 | 100%              | 100%                   | 80%                  | 90%   |
| <b>Office Visit (OV)<br/>Copays, PCP</b>                | \$10/\$20/\$40       | \$10/\$20/\$40         | \$20                 | \$15/\$20         | \$15/\$20              | \$25                 | \$25  |
| <b>Office Visit (OV)<br/>Copays, SCP</b>                | \$30/\$60/\$75       | \$30/\$60/\$75         | \$30/\$60/\$60       | \$30/\$60/\$75    | \$30/\$60/\$75         | \$40                 | \$40  |
| <b>Inpatient (IP)<br/>Copay</b>                         | \$275/\$500/\$1500   | \$275/\$500/<br>\$1500 | \$275                | \$275             | \$275/\$500/<br>\$1500 | \$250                | \$275   |
| <b>Outpatient (OP)<br/>Copay**</b>                      | \$250                | \$250                  | \$250                | \$110             | \$110/\$110/<br>\$250  | \$150                | \$110   |
| <b>Emergency Room<br/>(ER) Copay</b>                    | \$100                | \$100                  | \$100                | \$100             | \$100                  | \$150                | \$150   |
| <b>Out-of-Pocket<br/>Maximum (excl.<br/>deductible)</b> | \$4,500 / \$9,000    | \$4,500 /<br>\$9,000   | \$4,500 /<br>\$9,000 | \$4,600 / \$9,200 | \$4,500/ \$9,000       | \$2,500 /<br>\$5,000 | \$2,500 / \$5,000                               |

\*In-Network benefits

\*\*Excludes \$150 copay for Eye & GI procedures at freestanding facilities



All Companies — Copays are applicable in 90% (OV), 16% (IP), 14% (OP), and 69% (ER) of organizations.  
Industry — Copays are applicable in 91% (OV), 26% (IP), 22% (OP), and 80% (ER) of organizations.

# FY22 Plan Design – Three No-Cost Behavioral Health Telehealth Visits

- Current copay varies by plan; average copay = \$15
- Waive cost-share for first three behavioral health tele-visits/member/year

| Plan Name                       | Aggregate Cost     | Impacted Members | Total Members  |
|---------------------------------|--------------------|------------------|----------------|
| AllWays                         | \$99,600           | 1,500            | 17,031         |
| HNE                             | \$54,400           | 17               | 24,376         |
| Tufts Navigator                 | \$174,800          | 12,242           | 76,186         |
| Tufts Spirit                    | \$31,200           | 1,707            | 8,537          |
| HPHC Primary Choice             | \$126,100          | 68               | 23,262         |
| HPHC Independence               | \$282,300          | 150              | 38,402         |
| Fallon Select                   | \$140,100          | 6,000            | 8,435          |
| Fallon Direct                   | \$96,300           | 6,000            | 7,214          |
| UniCare Basic                   | \$104,300          | 2,425            | 26,393         |
| UniCare Plus                    | \$163,400          | 3,570            | 40,039         |
| <u>UniCare Community Choice</u> | <u>\$176,700</u>   | <u>4,075</u>     | <u>44,993</u>  |
| <b>Total</b>                    | <b>\$1,449,200</b> | <b>37,754</b>    | <b>314,868</b> |

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# FY22 Plan Design – Emergency Room Copay

- The GIC continues to see substantial utilization of avoidable emergency room visits, driving up health care costs for all
- Proposal is to increase the emergency room copay from \$100 to \$200, waived if admitted
- Based on health plan estimates, savings would approximate \$7.9M
- Savings are driven by (1) the increased copay, and (2) utilization adjustment, as historical data suggests that a modest increase in the ER copay will decrease over-all utilization of emergency room visits by approximately 5%

| Plan Name                       | Aggregate Savings    | Utilization Change | Estimated Impacted Members | Total Members  |
|---------------------------------|----------------------|--------------------|----------------------------|----------------|
| AllWays                         | (\$497,600)          | -5%                | 2,548                      | 17,031         |
| HNE                             | (\$435,200)          | -5%                | 3,098                      | 24,376         |
| Tufts Navigator                 | (\$2,089,000)        | -3%                | 11,742                     | 76,186         |
| Tufts Spirit                    | (\$341,500)          | -3%                | 1,327                      | 8,537          |
| HPHC Primary Choice             | (\$504,800)          | -5%                | 3,394                      | 23,262         |
| HPHC Independence               | (\$847,400)          | -5%                | 5,915                      | 38,402         |
| Fallon Select                   | (\$254,400)          | -15%               | 1,375                      | 8,435          |
| Fallon Direct                   | (\$174,900)          | -15%               | 1,223                      | 7,214          |
| UniCare Basic                   | (\$989,800)          | -5%                | 4,430                      | 26,393         |
| UniCare Plus                    | (\$852,400)          | -5%                | 5,479                      | 40,039         |
| <u>UniCare Community Choice</u> | <u>(\$882,800)</u>   | <u>-5%</u>         | <u>5,116</u>               | <u>44,993</u>  |
| <b>Total</b>                    | <b>(\$7,869,800)</b> | <b>-5%</b>         | <b>45,647</b>              | <b>314,868</b> |

Note: Utilization changes, estimated savings and estimated impacted members are health plan reported



# FY22 Plan Design – Emergency Room Copay

- FY19 GIC utilization is 250 visits per 1000 members, higher than the national benchmark for the same time period
  - Utilization is based on GIC FY19 allowed claims data from OPTUM reporting for the non-Medicare population

| Plan                     | Total ER Visits | Members        | ER Visits/1000 |
|--------------------------|-----------------|----------------|----------------|
| Fallon Direct            | 1,660           | 8,048          | 206            |
| Fallon Select            | 1,955           | 8,724          | 224            |
| HPHC Primary Choice      | 10,564          | 41,464         | 255            |
| HPHC Independence        | 5,451           | 24,564         | 222            |
| HNE                      | 5,464           | 23,118         | 236            |
| AllWays                  | 4,551           | 16,734         | 272            |
| Tufts Navigator          | 20,036          | 77,383         | 259            |
| Tufts Spirit             | 1,920           | 8,390          | 229            |
| UniCare Basic            | 9,362           | 28,070         | 334            |
| UniCare Community Choice | 9,771           | 45,281         | 216            |
| UniCare Plus             | 8,783           | 36,224         | 242            |
| <b>Grand Total</b>       | <b>79,517</b>   | <b>318,000</b> | <b>250</b>     |

## IBM Watson Health MarketScan Benchmarks

| Active             | 25th Percentile | 50th Percentile | 75th Percentile | Average of Client Averages |
|--------------------|-----------------|-----------------|-----------------|----------------------------|
| Visits Per 1000 ER | 183.1           | 221.8           | 275.0           | 231.4                      |

Note:

IBM Watson Health MarketScan Benchmarks are based on 523 companies and almost 14 Million members  
Benchmarking time period is consistent with the GIC FY19 utilization data

# FY22 Potential Plan Design – Emergency Room Copay

- Here is emergency room usage for the GIC population, highlighting the avoidable and potentially avoidable spend

| Plan                     | ER Visits/1000 | Avoidable Spend | Potentially Avoidable Spend |
|--------------------------|----------------|-----------------|-----------------------------|
| Fallon Direct            | 206            | 14%             | 19%                         |
| Fallon Select            | 224            | 15%             | 20%                         |
| HPHC Primary Choice      | 255            | 15%             | 18%                         |
| HPHC Independence        | 222            | 15%             | 19%                         |
| HNE                      | 236            | 14%             | 18%                         |
| AllWays                  | 272            | 16%             | 20%                         |
| Tufts Navigator          | 259            | 14%             | 21%                         |
| Tufts Spirit             | 229            | 15%             | 21%                         |
| UniCare Basic            | 334            | 11%             | 17%                         |
| UniCare Community Choice | 216            | 13%             | 17%                         |
| UniCare Plus             | 242            | 13%             | 17%                         |
| <b>Grand Total</b>       | <b>250</b>     | <b>14%</b>      | <b>19%</b>                  |

- Utilization is based on GIC FY19 allowed claims data from OPTUM reporting for the non-Medicare population
- Avoidable and potentially avoidable categorization is based on the NYU methodology
  - The % of avoidable visits is likely higher than the % spend shown above, due to lower average cost
  - The NYU methodology does not consider day of week or time of day, and uses discharge diagnosis, which sometimes does not reflect the reason a patient goes to the emergency room

# FY22 Plan Design – Family Deductible

- Change family deductible multiplier from two times to three times the individual deductible

| Plan Name                       | Aggregate Savings    | Impacted Members    | Total Members  |
|---------------------------------|----------------------|---------------------|----------------|
| AllWays                         | *immaterial*         | 1,114 (subscribers) | 17,031         |
| HNE                             | (\$653,300)          | 3,467               | 24,376         |
| Tufts Navigator                 | (\$1,923,500)        | 15,275              | 76,186         |
| Tufts Spirit                    | (\$173,900)          | 838                 | 8,537          |
| HPHC Primary Choice             | (\$561,500)          | not provided        | 23,262         |
| HPHC Independence               | (\$1,183,100)        | not provided        | 38,402         |
| Fallon Select                   | (\$153,900)          | 600                 | 8,435          |
| Fallon Direct                   | (\$95,400)           | 481                 | 7,214          |
| UniCare Basic                   | (\$484,200)          | 1,173               | 26,393         |
| UniCare Plus                    | (\$907,600)          | 2,193               | 40,039         |
| <u>UniCare Community Choice</u> | <u>(\$907,100)</u>   | <u>2,620</u>        | <u>44,993</u>  |
| <b>Total</b>                    | <b>(\$7,043,500)</b> | <b>27,761</b>       | <b>314,868</b> |

## FY22 Plan Design – 90% coinsurance

Apply 10% coinsurance to all services currently covered in full after the deductible has been met

| Plan Name                | Aggregate Savings     | Impacted Members | Total Members  |
|--------------------------|-----------------------|------------------|----------------|
| AllWays                  | (\$2,192,000)         | 17,476           | 17,031         |
| HNE                      | (\$1,687,600)         | 27,213           | 24,376         |
| Tufts Navigator          | (\$21,883,000)        | 219,764          | 76,186         |
| Tufts Spirit             | (\$1,918,100)         | 24,332           | 8,537          |
| HPHC Primary Choice      | (\$3,224,600)         | 31,311           | 23,262         |
| HPHC Independence        | (\$8,220,800)         | 58,508           | 38,402         |
| Fallon Select            | (\$1,608,400)         | 16,102           | 8,435          |
| Fallon Direct            | (\$1,082,700)         | 12,878           | 7,214          |
| UniCare Basic            | (\$3,997,600)         | 34,348           | 26,393         |
| UniCare Plus             | (\$3,839,100)         | 41,834           | 40,039         |
| <u>UniCare Community</u> |                       |                  |                |
| <u>Choice</u>            | <u>(\$3,157,400)</u>  | <u>46,233</u>    | <u>44,993</u>  |
| <b>Total</b>             | <b>(\$52,811,300)</b> | <b>529,999</b>   | <b>314,868</b> |

## FY22 Potential Plan Design – 90% coinsurance

| Service  | Aggregate Savings     | Can be administered?                                      | % of total   | % of non-Medicare |
|--|-----------------------|---|--------------|-------------------|
| Diagnostic Tests (X-rays, Labs, etc.)                    | (\$14,787,200)        | Yes   | -0.5%        | -0.6%             |
| Physician/Surgeon Fees                                   | (\$7,613,100)         | No for Tufts, TBD for UniCare; with exclusions for Fallon | -0.3%        | -0.3%             |
| Childbirth/delivery professional services                | (\$1,404,800)         | No for Tufts  | 0.0%         | -0.1%             |
| Specialty pharmacy delivered through the medical benefit | (\$12,681,500)        | TBD for Tufts, no for IP for most vendors                 | -0.4%        | -0.5%             |
| Emergency medical transportation                         | (\$2,311,300)         | Yes   | -0.1%        | -0.1%             |
| Home health care/hospice care                            | (\$1,178,400)         | Yes   | 0.0%         | -0.1%             |
| DME  | (\$2,191,400)         | Yes   | -0.1%        | -0.1%             |
| Other (any other services where coinsurance applies)     | (\$10,643,500)        | Yes   | -0.4%        | -0.5%             |
| <b>Total</b>   | <b>(\$52,811,200)</b> |   | <b>-1.9%</b> | <b>-2.3%</b>      |

# 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. McAnneny (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**

**Matthew A. Veno, Executive Director**

**Erika Scibelli, Deputy Executive Director**

**Emily Williams, Chief of Staff**

**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      |

|                        |   |  |
|------------------------|---|--|
| <b>Online Contact</b>  | mass.gov/forms/contact-the-gic          | Any time. Specify your preferred method of response (phone, email, mail) from GIC  |
| <b>Email</b>           | gicpublicinfo@mass.gov                  |  |
| <b>Telephone</b>       | (617) 727-2310                          | M-F from 8:45 AM to 5:00 PM  |
| <b>Office location</b> | 19 Staniford Street<br>Boston, MA 02114 | Not open for walk-in service during COVID-19   |
| <b>Correspondence</b>  | P.O. Box 8747<br>Boston 02114           | Allow for processing time. Priority given to requests to retain or access benefits, and to reduce optional coverage during COVID-19. |
| <b>Paper Forms</b>     | P.O. Box 556<br>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 | <a href="http://alwayshealthpartners.org/gic-members">alwayshealthpartners.org/gic-members</a> |
| Fallon Health                 | (866) 344-4442 | <a href="http://fallonhealth.org/gic">fallonhealth.org/gic</a>                                 |
| Harvard Pilgrim Health Care   | (800) 542-1499 | <a href="http://harvardpilgrim.org/gic">harvardpilgrim.org/gic</a>                             |
| Health New England            | (800) 842-4464 | <a href="http://hne.com/gic">hne.com/gic</a>   |
| Tufts Health Plan (THP)       | (800) 870-9488 | <a href="http://tuftshealthplan.com/gic">tuftshealthplan.com/gic</a>                           |
| THP Medicare Products         | (888) 333-0880 |  |
| UniCare State Indemnity Plans | (800) 442-9300 | <a href="http://unicarestatementplan.com">unicarestatementplan.com</a>                         |