Commonwealth of Massachusetts
Group Insurance Commission

Your Benefits Connection

COMMISSION MEETING

NOVEMBER 21, 2019

Group Insurance Commission

@MassGIC

(Public Notice: G.L. C-30A, Sec. 20, November 19, 2019)

Commonwealth of Massachusetts
Group Insurance Commission
Your Benefits Connection

I. Approval of Minutes (VOTE)

Commission Meeting Minutes
September 19, 2019

Agenda

Commonwealth of Massachusetts
Group Insurance Commission
Your Benefits Connection

	Topic	Speaker	Time
I.	Approval of Minutes (VOTE) 9/19/19	Commission	8:30-8:35
II.	Directors Report (INFORM) • Calendar • Annual Stewardship Meetings • State Auditor • Flu Campaign • Space Planning • Legislative Update	Roberta Herman, M.D.	8:35-8:55
III.	Highlights from the Cost Trend Hearings (INFORM)	Ray Campbell, Center for Health Information Analysis (CHIA) & David Seltz , Health Policy Commission (HPC)	8:55: 10:25
IV.	CFO Update (INFORM) • QI Financial Performance	Jim Rust	10:25- 10:35
V.	Contracts & Amendments (INFORM & VOTE) • Audit Recommendations (Vote) • Life/LTD Consultant Update (Inform) • Data Warehouse Procurement (Inform)	Andrew Stern	10:35- 10:45
VI.	Modernization Update (INFORM) • myGICLink	John Harney & Paul Murphy	10:45-10:55
VII.	Other Business	Roberta Herman, M.D. & Valerie Sullivan	10:55-11:00

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II. Director's Report (INFORM)

- Calendar
- Annual Stewardship Meetings
- State Auditor
- Flu Campaign
- Space Planning
- Legislative Update

Calendar of Commission meetings, public listening sessions, vendor procurement milestones, and FY20 rate development

Commonwealth of Massachusetts
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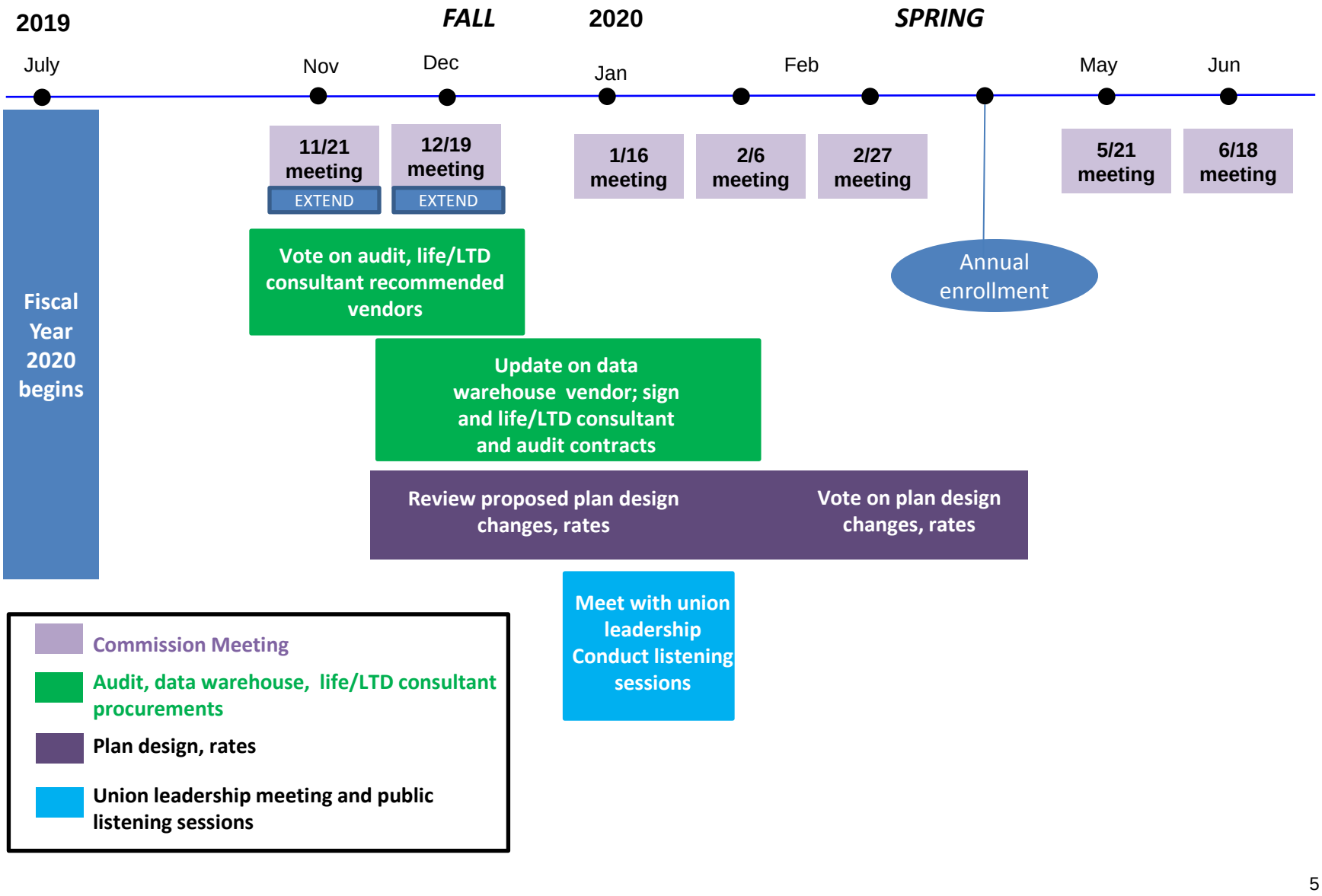

Commonwealth of Massachusetts
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GIC Annual Meeting Schedule

Date	Vendor	Plan
September 26	UNUM	Long-term disability
October 1	Express Scripts	Active employee prescription drug plan
October 3	Optum	Data warehouse
October 8	Optum	Employee Assistance Program
October 21	MetLife	Active and retiree dental
October 25	The Hartford	Active and retiree life insurance
October 28	Tufts Health Plan	Medical
October 30	Harvard Pilgrim Health Plan	Medical
November 1	Unicare	Medical
November 4	Fallon Health Plan	Medical
November 5	Allways Health Plan	Medical
November 12	Health New England	Medical
November 14	CVS Silverscript	Retiree prescription drug

2019 HEALTH CARE COST TRENDS HEARING

#CTH19

Performance of the Massachusetts Health Care System

Mr. Ray Campbell, Executive Director, Center for Health Information and Analysis

MASSACHUSETTS
HEALTH POLICY COMMISSION

INTRODUCTIONS

- Ray Campbell, Executive Director, Center for Health Information and Analysis (CHIA)
- David Seltz, Executive Director, Health Policy Commission (HPC)

Performance of the Massachusetts Health Care System

Annual Report
October 2019

CENTER FOR HEALTH INFORMATION AND ANALYSIS

Agenda

- Overview
- Total Health Care Expenditures
- GIC & Private Commercial Insurance Trends

Overview

- Role of CHIA's *Annual Report*
- Publication Package
  - Executive Summary + Chartbook
  - Datasets
  - Technical Documentation
- Acknowledgements
  - Data submitters
  - CHIA's staff & actuaries

Total Health Care Expenditures (THCE)

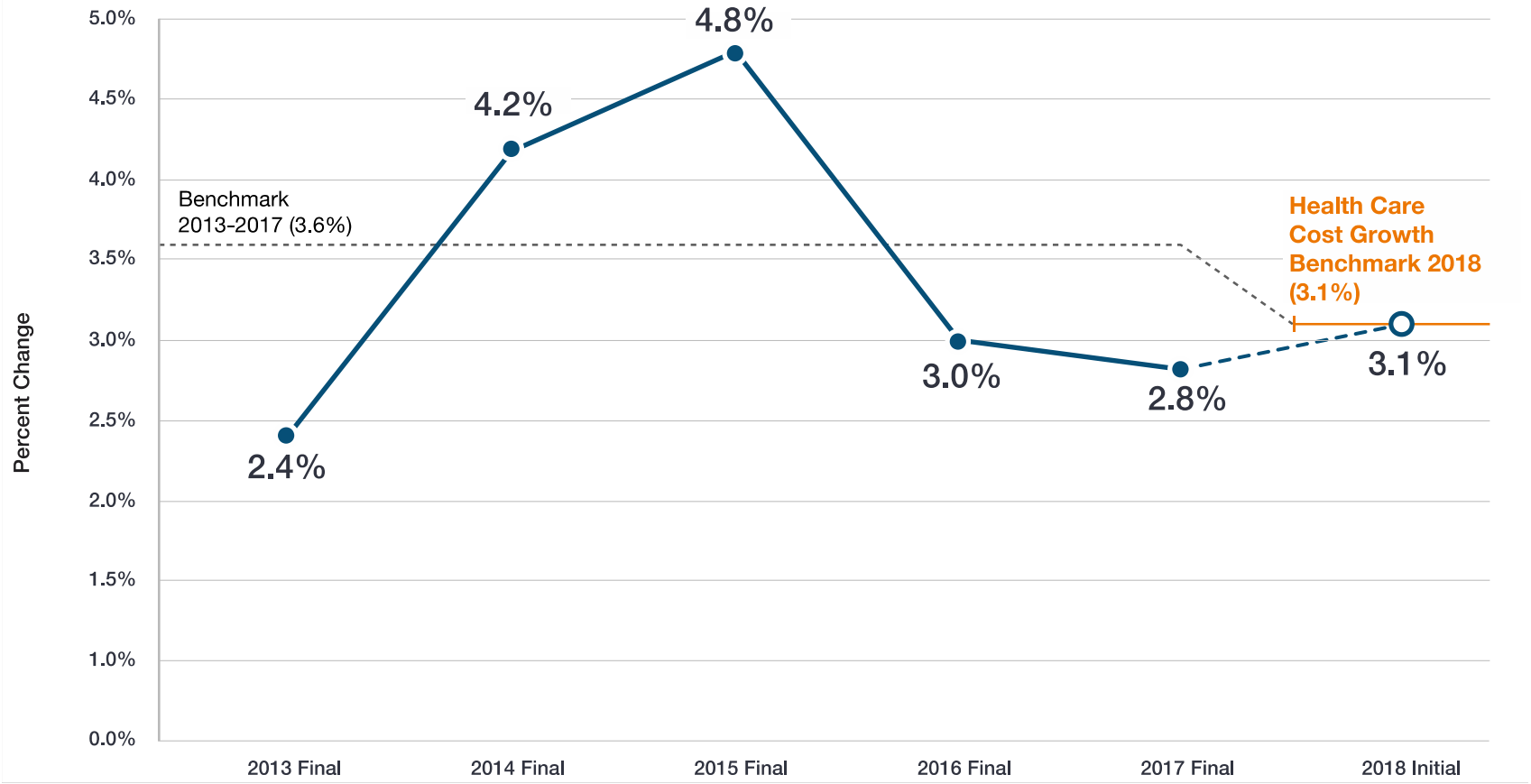
$60.9B — **Total Health Care Expenditures, 2018**

$8,827 — **THCE per capita, 2018**

3.1% — **Growth rate per capita, 2018**

Total Health Care Expenditures

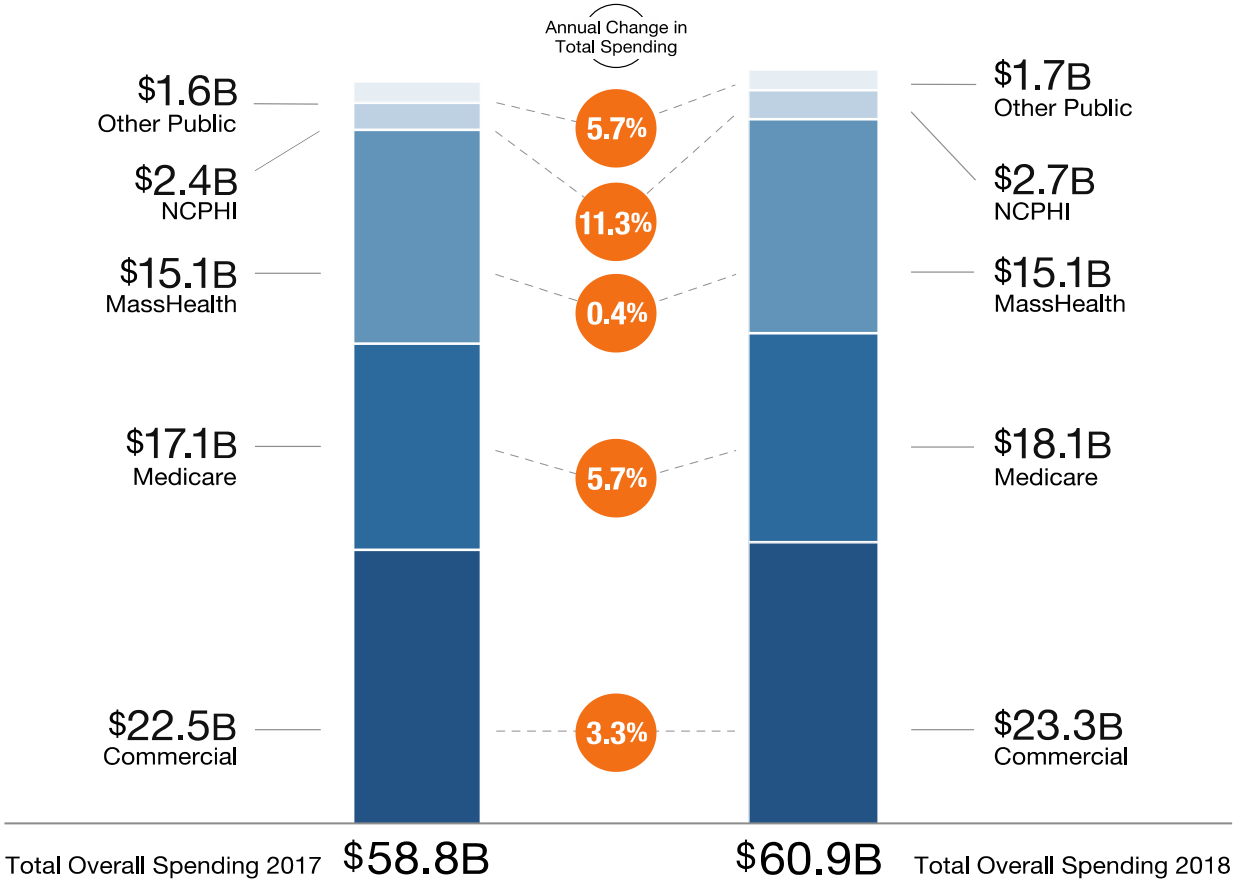
Trends, 2013-2018



THCE growth per capita equaled the health care cost growth benchmark in 2018, after two years of trending below.

Total Health Care Expenditures

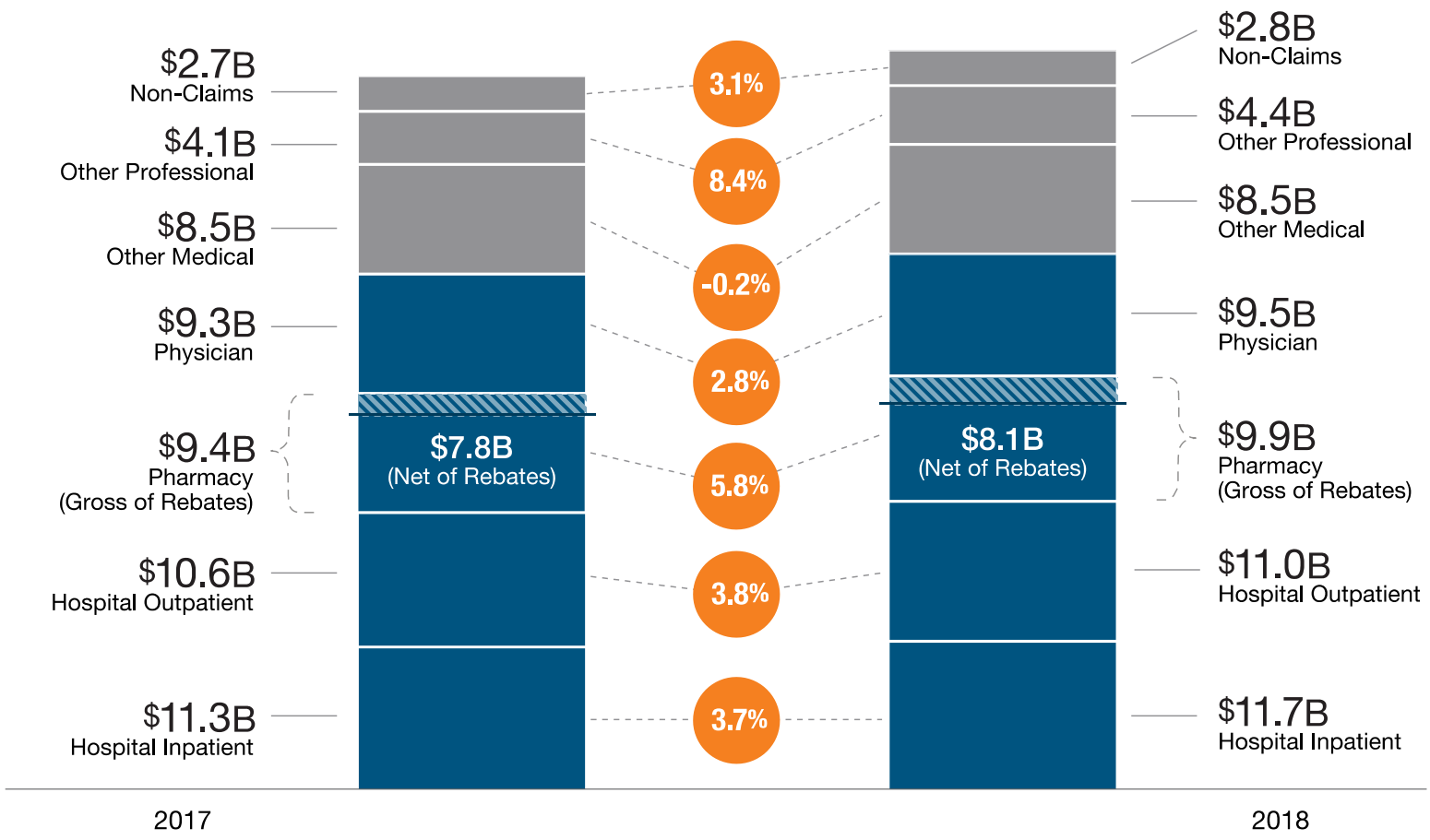
Components, 2018



Medicare expenditures grew fastest among the largest components of THCE, though all other categories also accelerated from 2017, except for MassHealth.

Total Health Care Expenditures

Spending by Service Category, 2017- 2018



After slower growth in 2017, expenditures accelerated across all service categories, with the exception of hospital outpatient expenses and non-claims.

Commercial Insurance

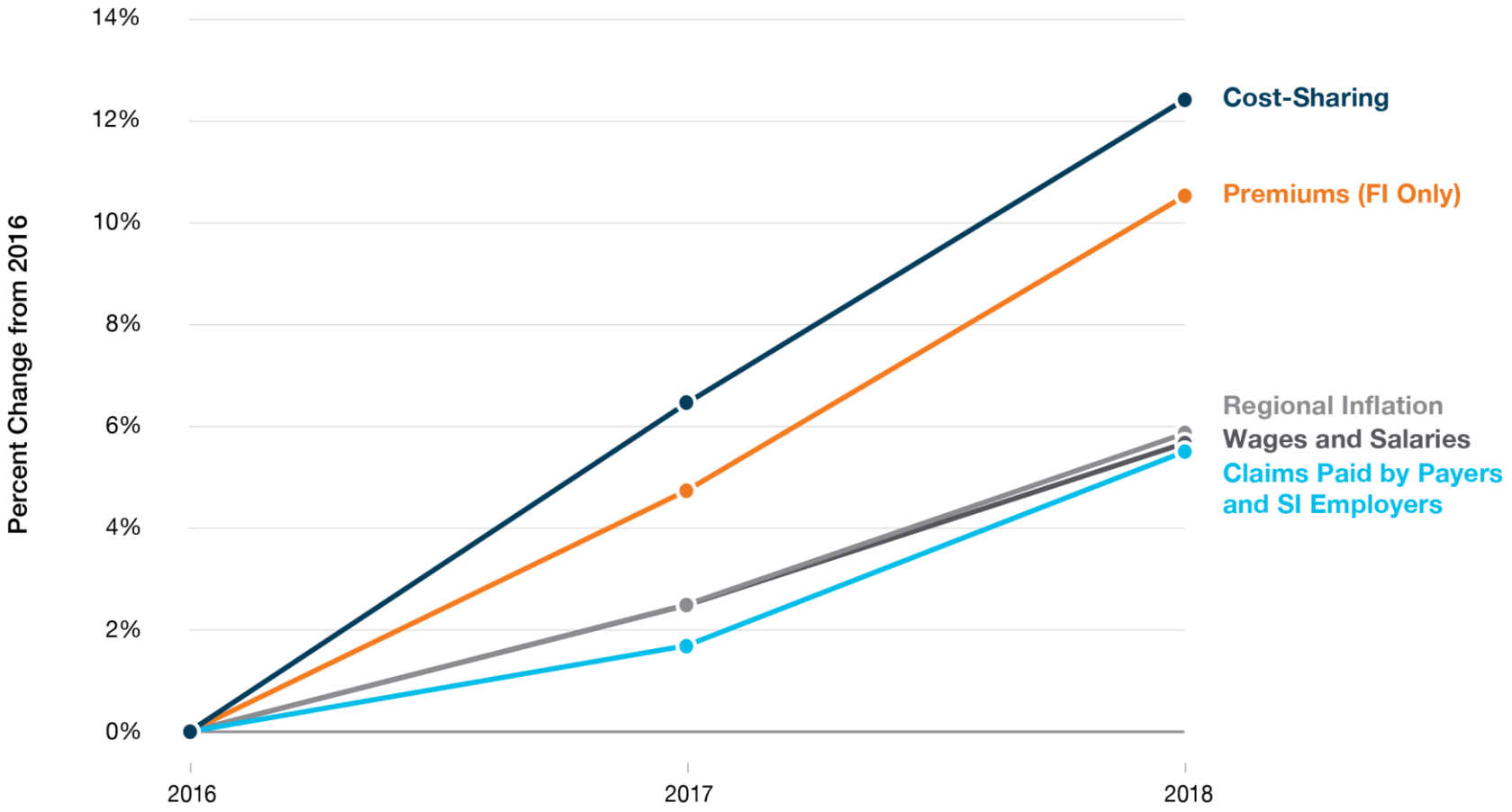
$23.3B Expenditures, 2018

3.3% Expenditure, 2017-2018

-0.6% Member Months, 2017- 2018

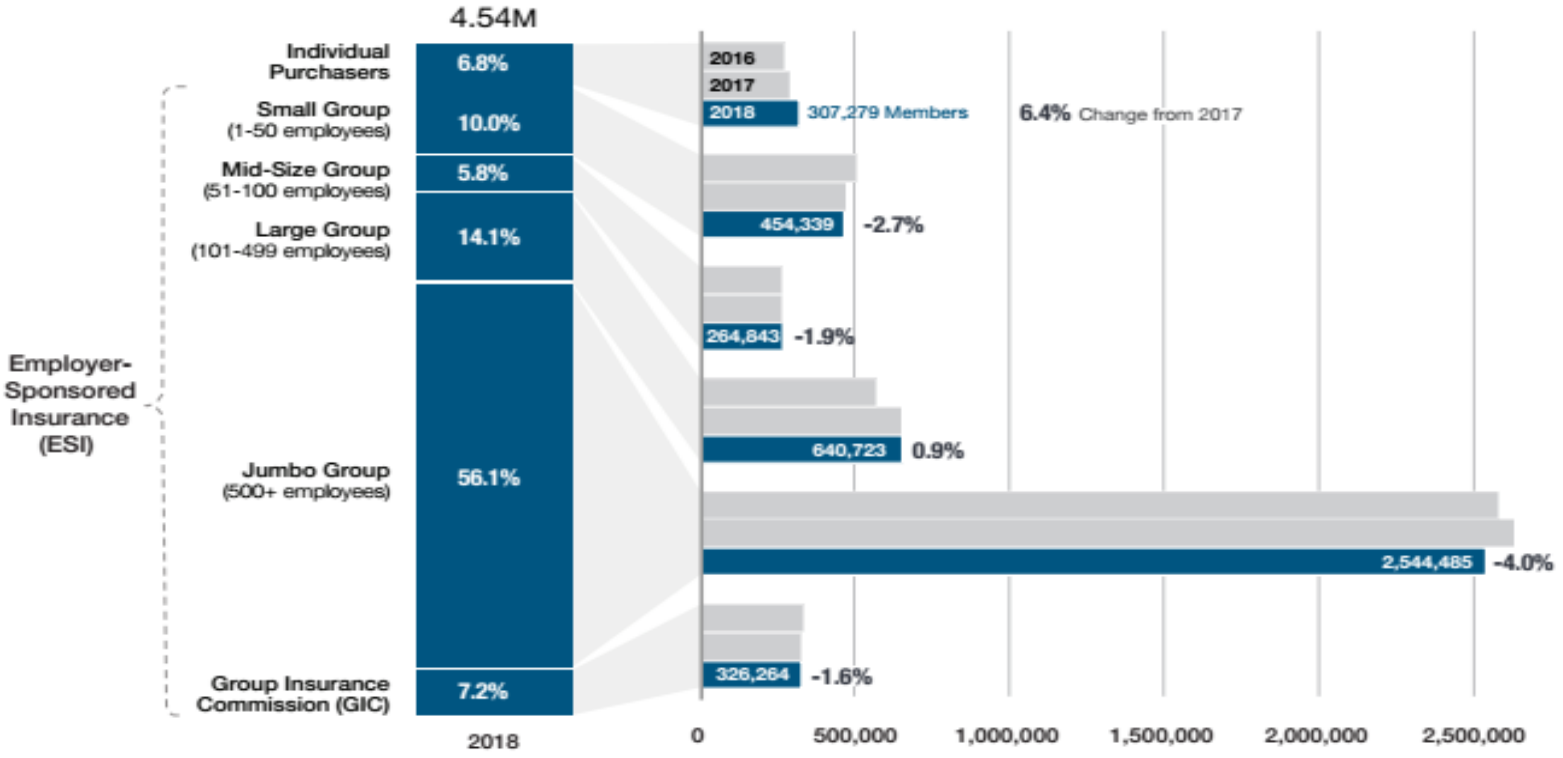
Commercial Insurance 2016-2018

Trends Vary Considerably by Market Segment and Stakeholder



Member cost-sharing and premiums increased at a faster rate than wages and inflation between 2016 and 2018.

Enrollment by Market Sector, 2016-2018

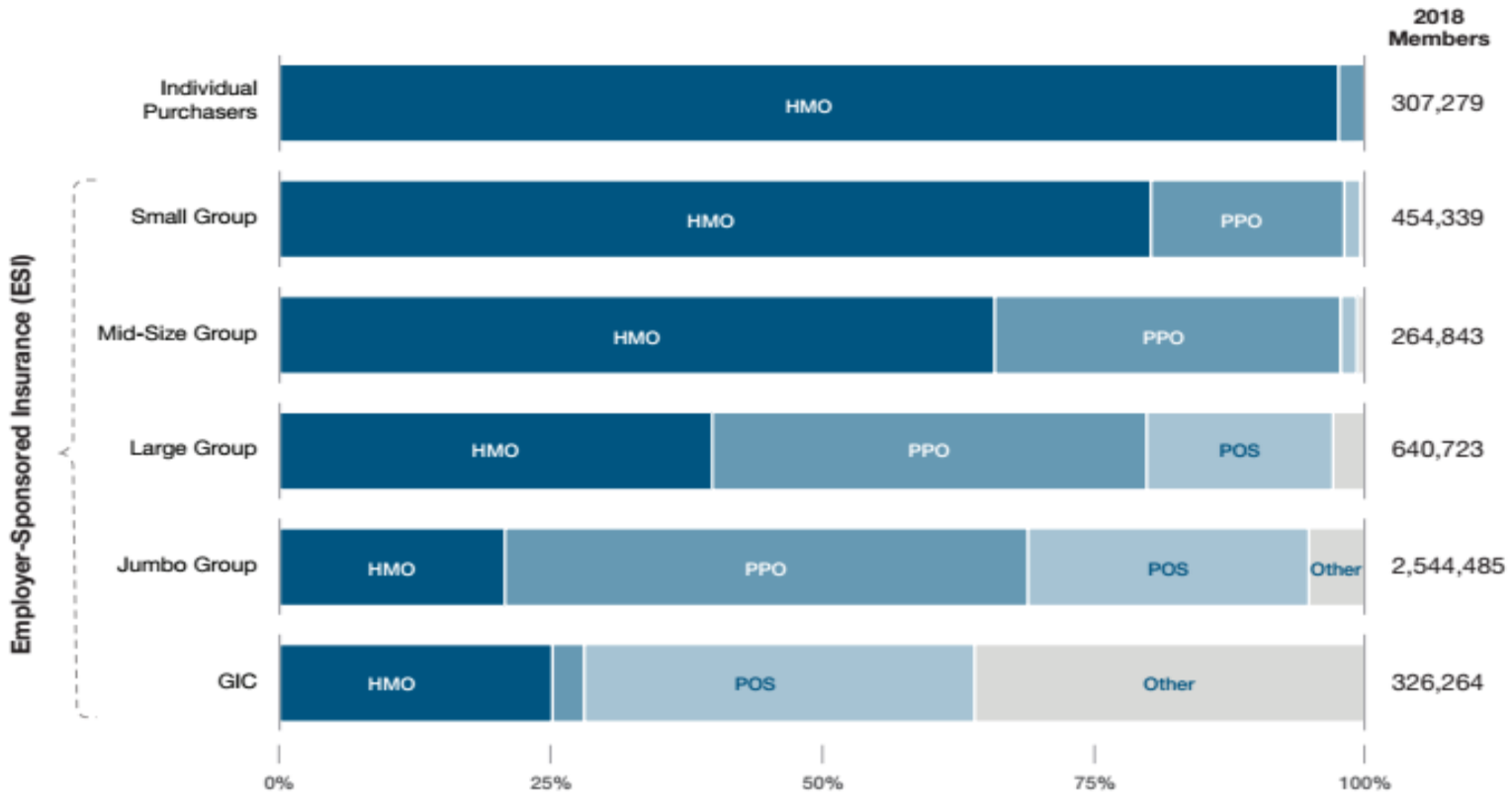


While 93% of members were covered by employer-sponsored insurance in 2018, individual purchasers continued to show the fastest percentage growth in enrollment.

Source: Payer-reported data to CHIA.

Notes: Based on Massachusetts contract-membership, which may include non-Massachusetts residents. Data for individual purchasers excludes CeltiCare and Minuteman Health, which closed in 2017 and fell below the membership reporting threshold for this data request. Jumbo group does not include GIC members. See technical appendix.

Enrollment by Market Sector and Product Type, 2018

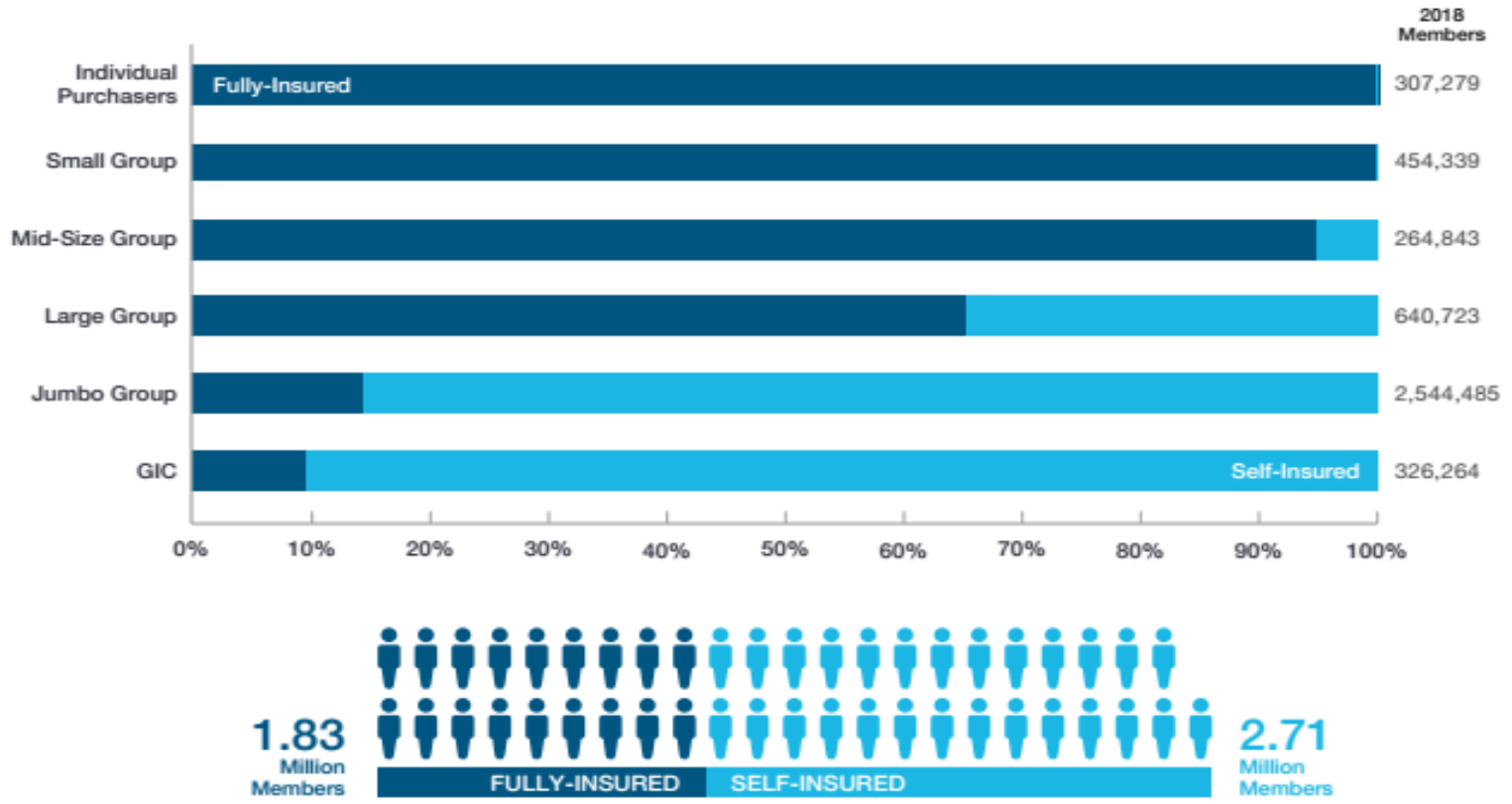


Members of larger employer groups tended to enroll in PPO and POS plans, while smaller employer groups and individual purchasers favored HMO plans.

Source: Payer-reported data to CHIA.

Notes: Based on Massachusetts contract-membership, which may include non-Massachusetts residents. Jumbo group does not include GIC members. See technical appendix.

Enrollment by Funding Type, 2018

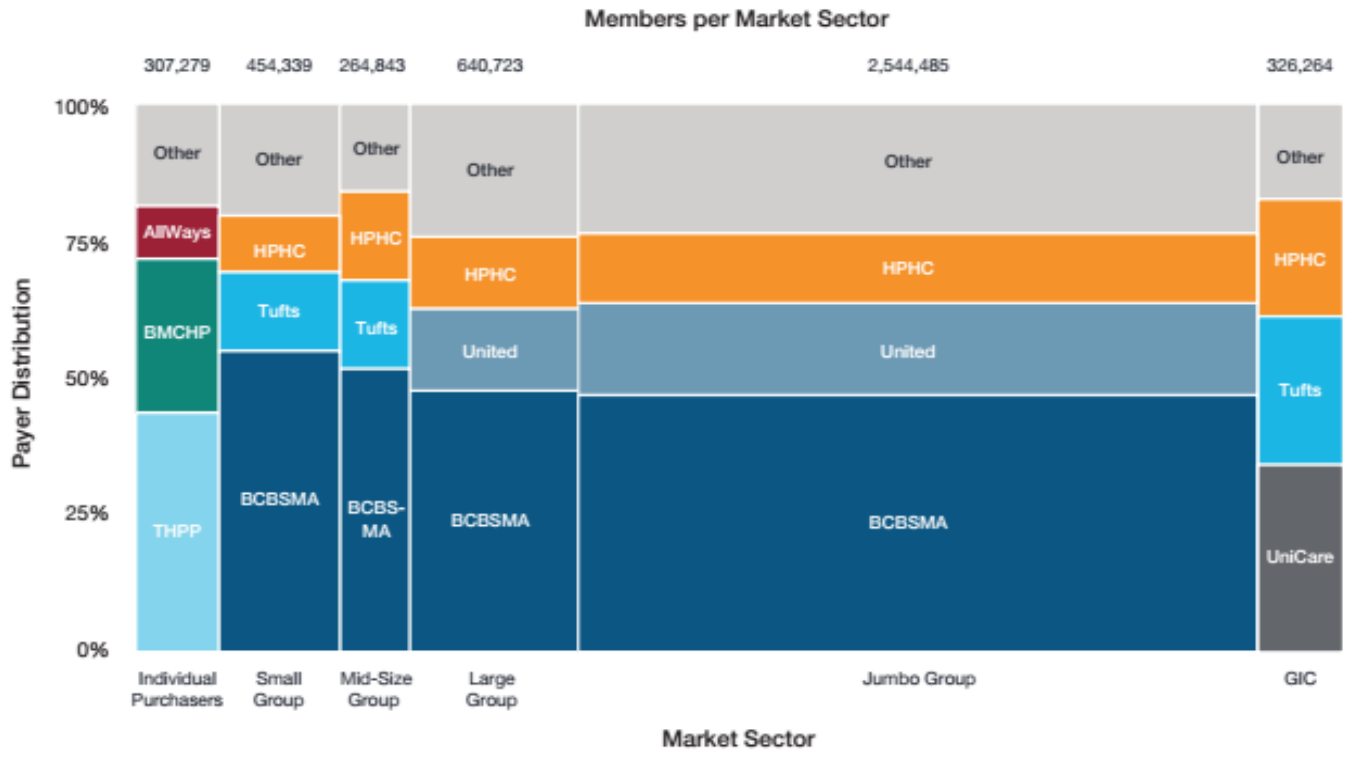


In 2018, over 60% of private commercial members were enrolled in self-insured plans, which were most prevalent among larger employer groups.

Source: Payer-reported data to CHIA.

Notes: Based on Massachusetts contract-membership, which may include non-Massachusetts residents. Jumbo group does not include GIC members. See technical appendix.

Largest Payers by Market Sector, 2018



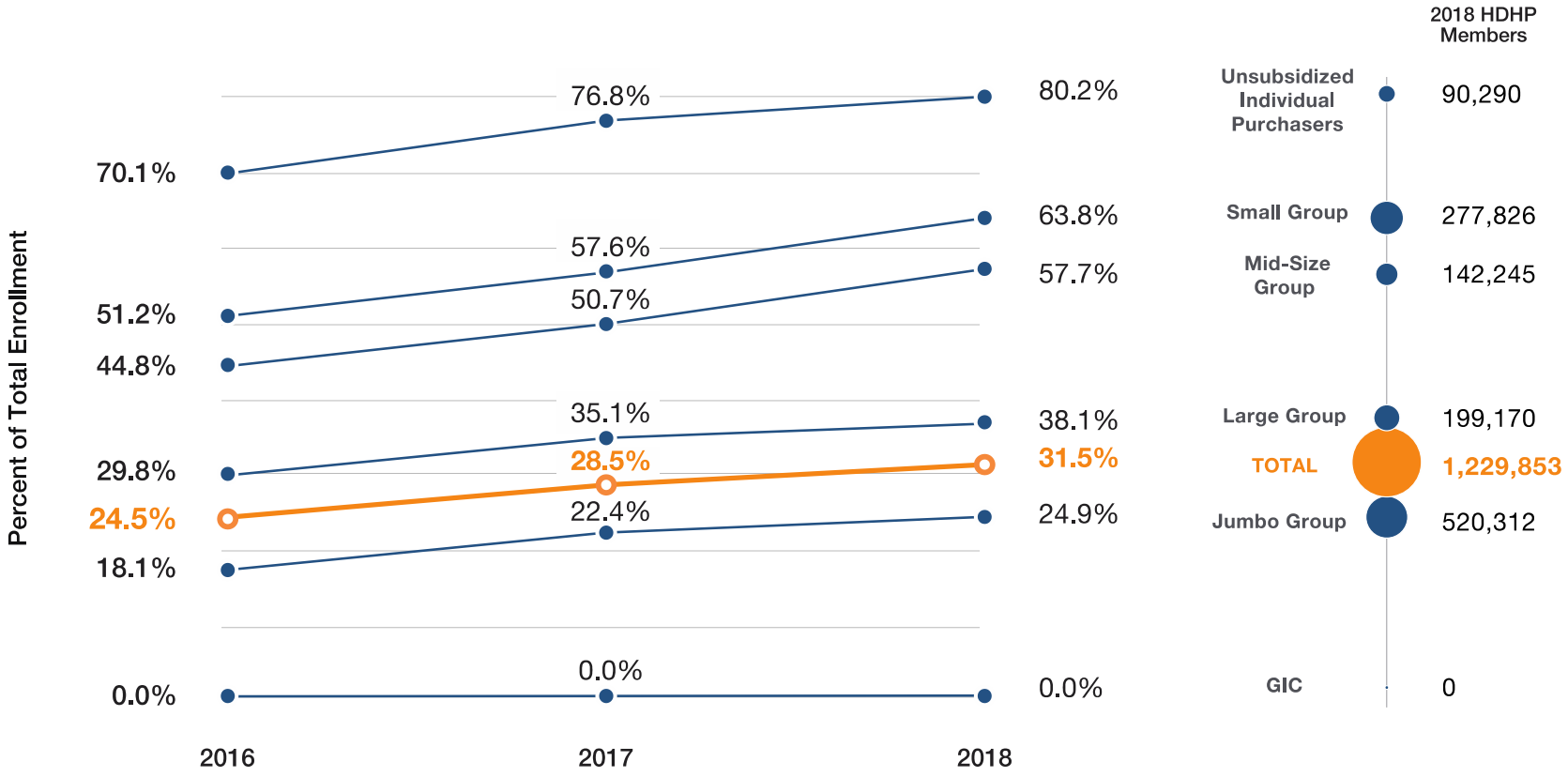
Within each market sector, at least 75% of enrollment was concentrated among three payers, but the top three payers varied by sector.

Source: Payer-reported data to CHIA.

Notes: Based on Massachusetts contract-membership, which may include non-Massachusetts residents. THPP is reported separately from its parent company, Tufts. Jumbo group does not include GIC members. See technical appendix.

Commercial Insurance

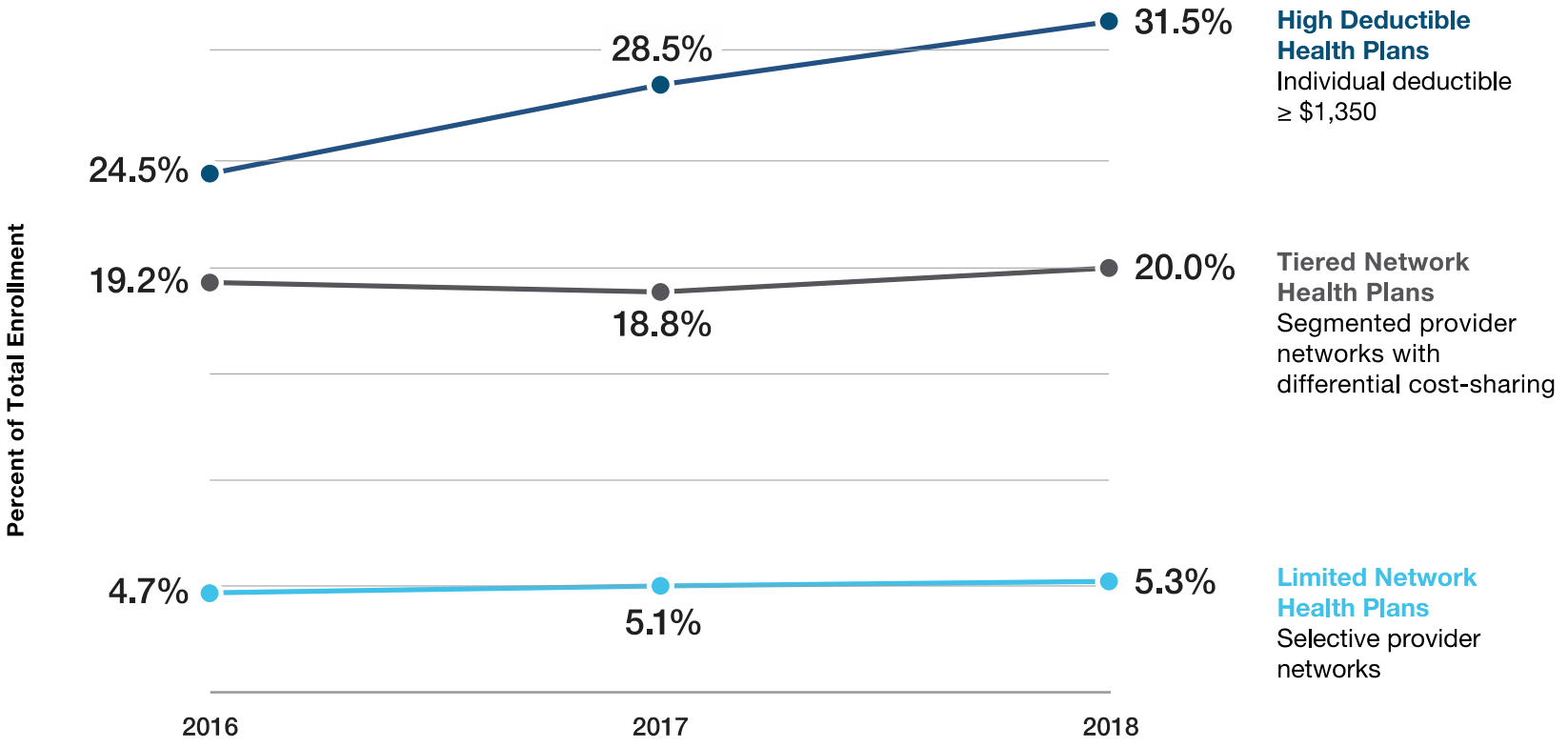
High Deductible Health Plans by Market Sector, 2016-2018



Nearly two-thirds of small group members and 80% of unsubsidized individuals were enrolled in high deductible health plans in 2018. *(GIC does not have HDHP)*

Commercial Insurance

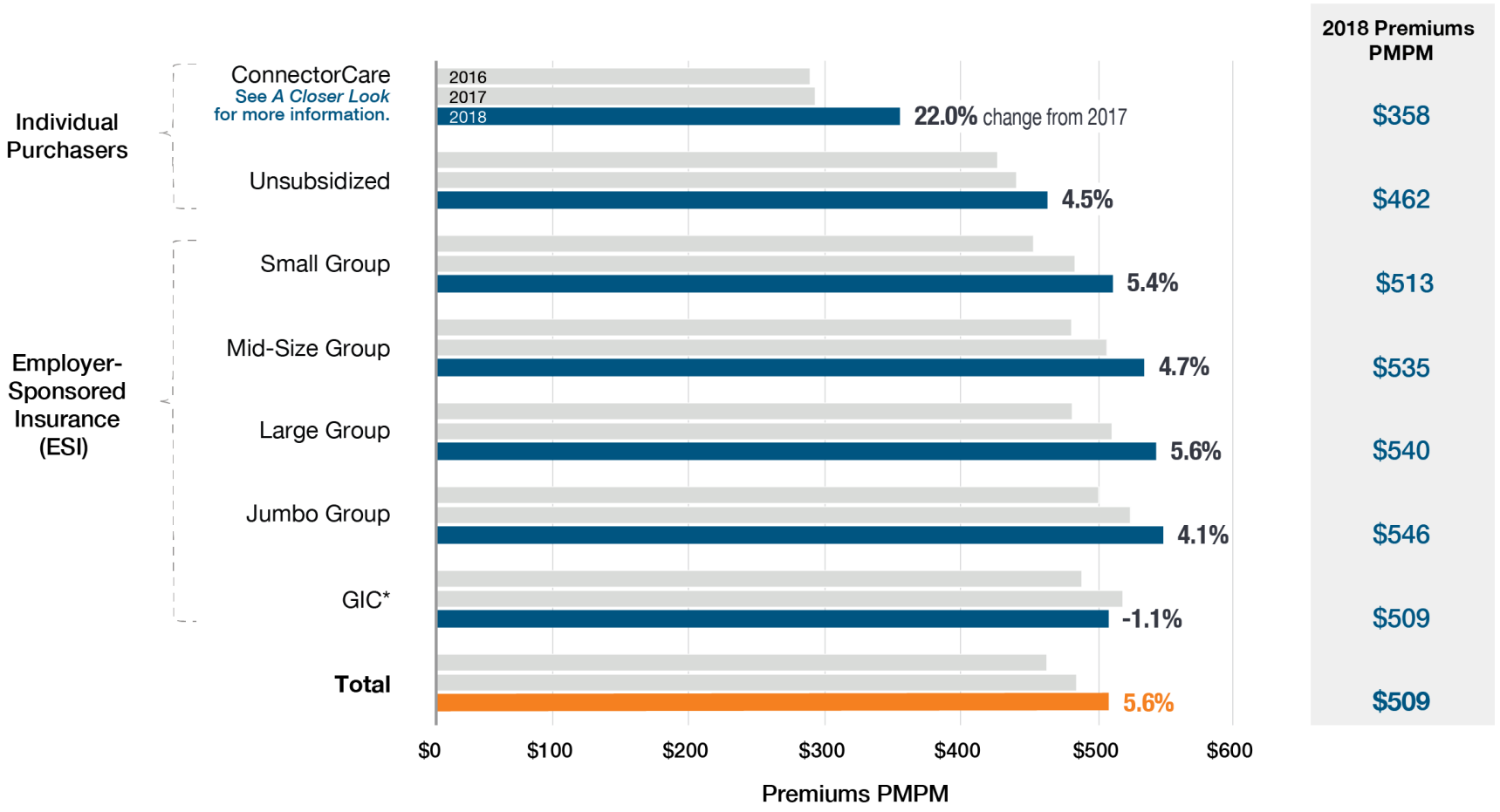
Enrollment by Benefit Design, 2016-2018



While enrollment in high deductible health plans continued to grow, adoption of tiered and limited networks held steady. *(GIC: 70% Tiered 30% Limited Network Products)*

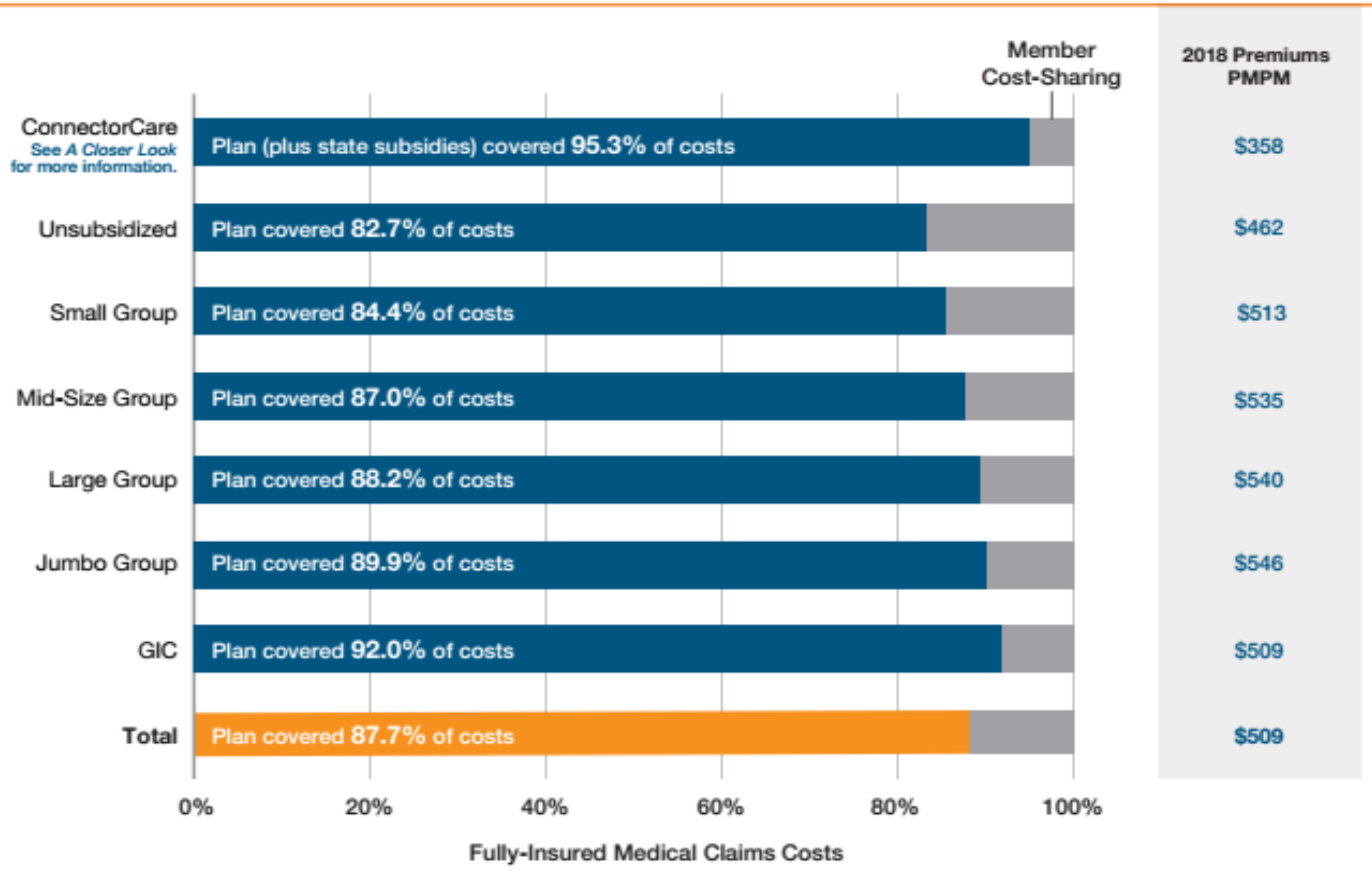
Commercial Insurance

Fully-Insured Premiums by Market Sector, 2016-2018



Fully-insured premiums increased 5.6% to $509 PMPM in 2018. Members covered through larger employers had higher premiums. *(GIC trend was negative and PMPM at the average)*

Fully-Insured Benefit Levels by Market Sector, 2018



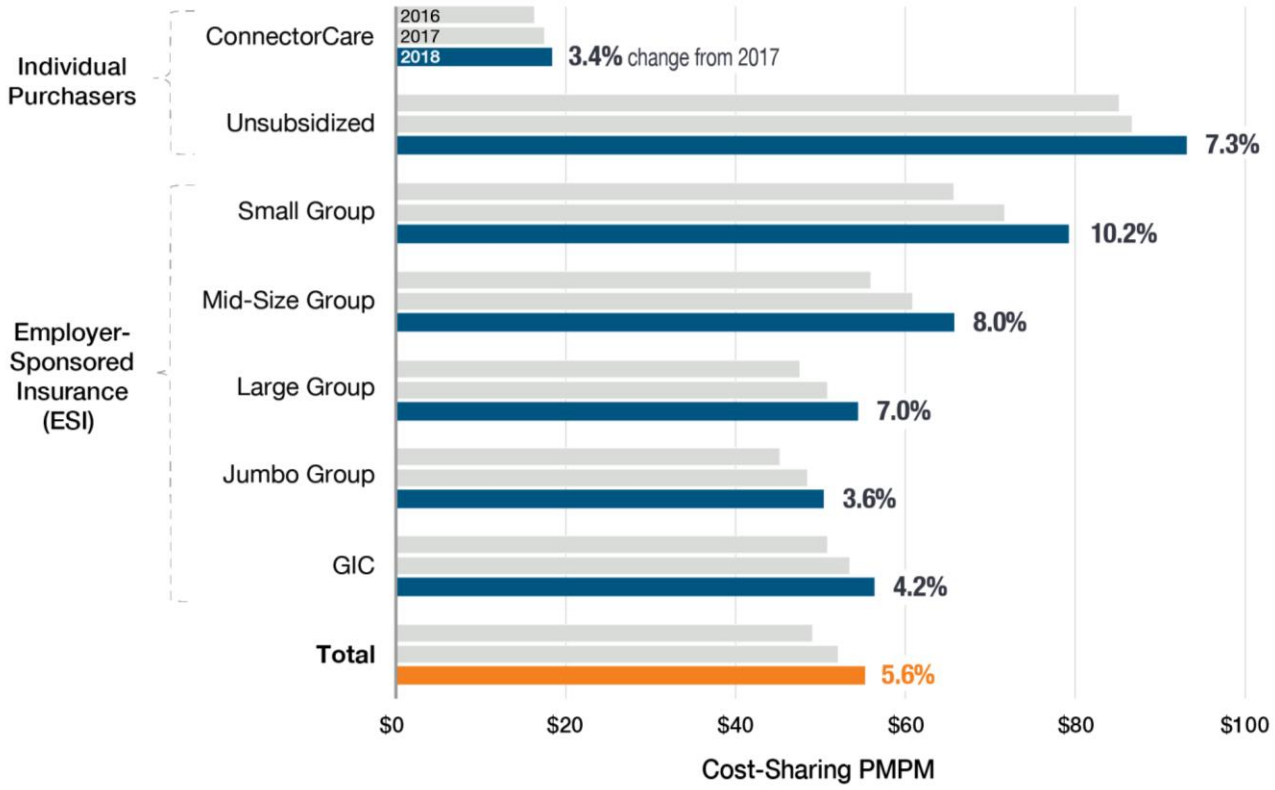
Members covered through larger employer groups had more generous health insurance coverage, along with higher premiums.

Source: Payer-reported data to CHIA.

Notes: Based on Massachusetts contract-membership, which may include non-Massachusetts residents. Premiums are net of MLR rebates (including some estimated rebates for 2018), and all reported premiums were scaled by the "Percent of Benefits Not Carved Out." Premiums are also not reported net of APTCs, which would further reduce PMPM premiums from the member's perspective. Benefit levels were calculated as the percentage of total claims that were paid by the payer (i.e., ratio of paid claims to allowed claims). Data for Fallon (benefit levels) and United (benefit levels and premiums) was excluded due to data quality concerns. See technical appendix.

Commercial Insurance

Cost-Sharing by Market Sector, 2016-2018



2018 Member Cost-Sharing	
PMPM	PMPY
$18	$218
$93	$1,115
$79	$950
$65	$784
$54	$649
$50	$598
$55	$664
$55	$658

Member cost-sharing was higher among unsubsidized individuals and members covered by smaller employers. *(GIC PMPM is at the average)*

2019 HEALTH CARE COST TRENDS HEARING

#CTH19

Health Care Spending Trends and Impact on Affordability

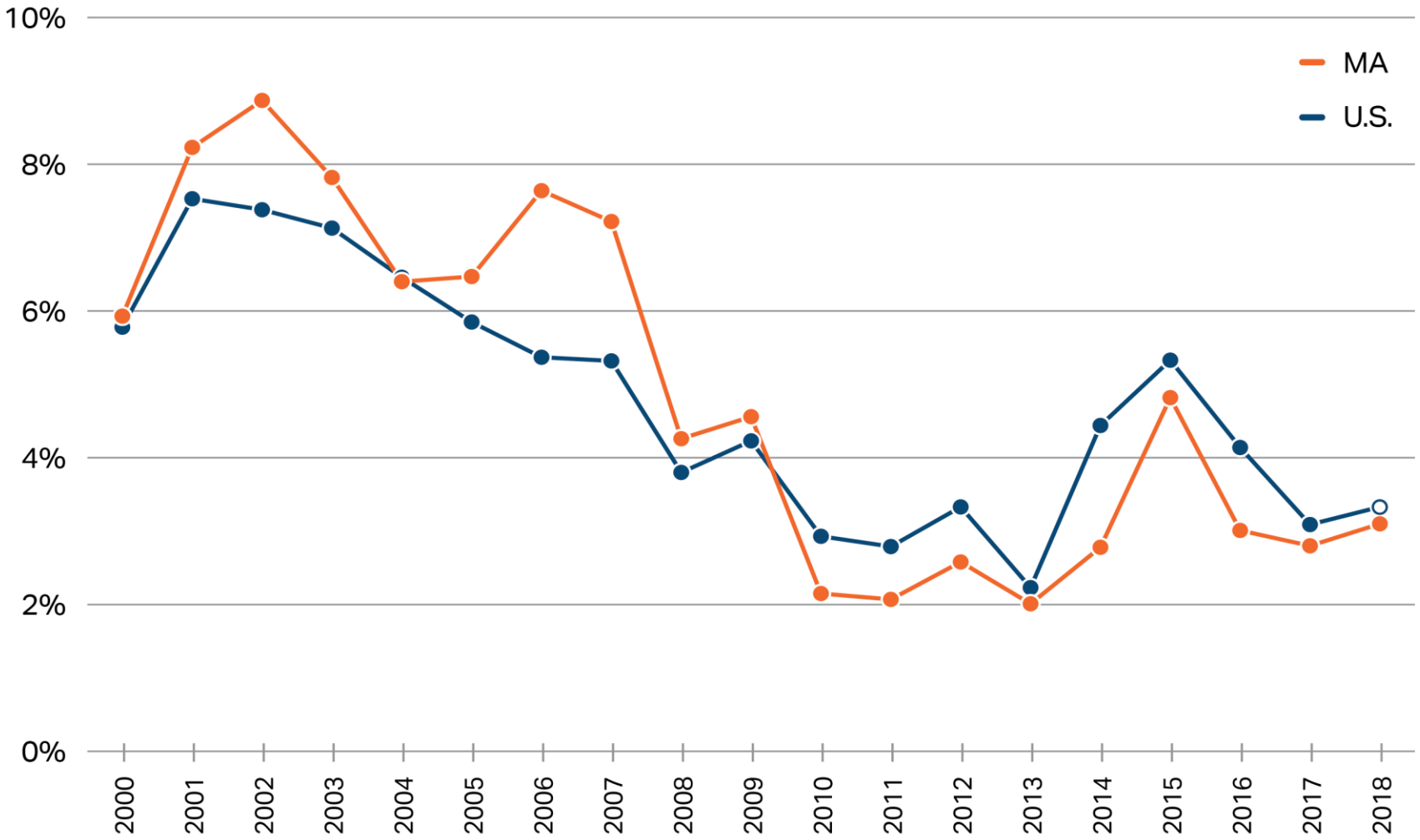
David Seltz, Executive Director, Health Policy Commission (HPC)

Agenda

- Massachusetts versus National Trends
- Commercial Market Performance In Massachusetts
- Provider Price Variation
- Affordability

Since 2009, total health care spending growth in Massachusetts has been below the national rate.

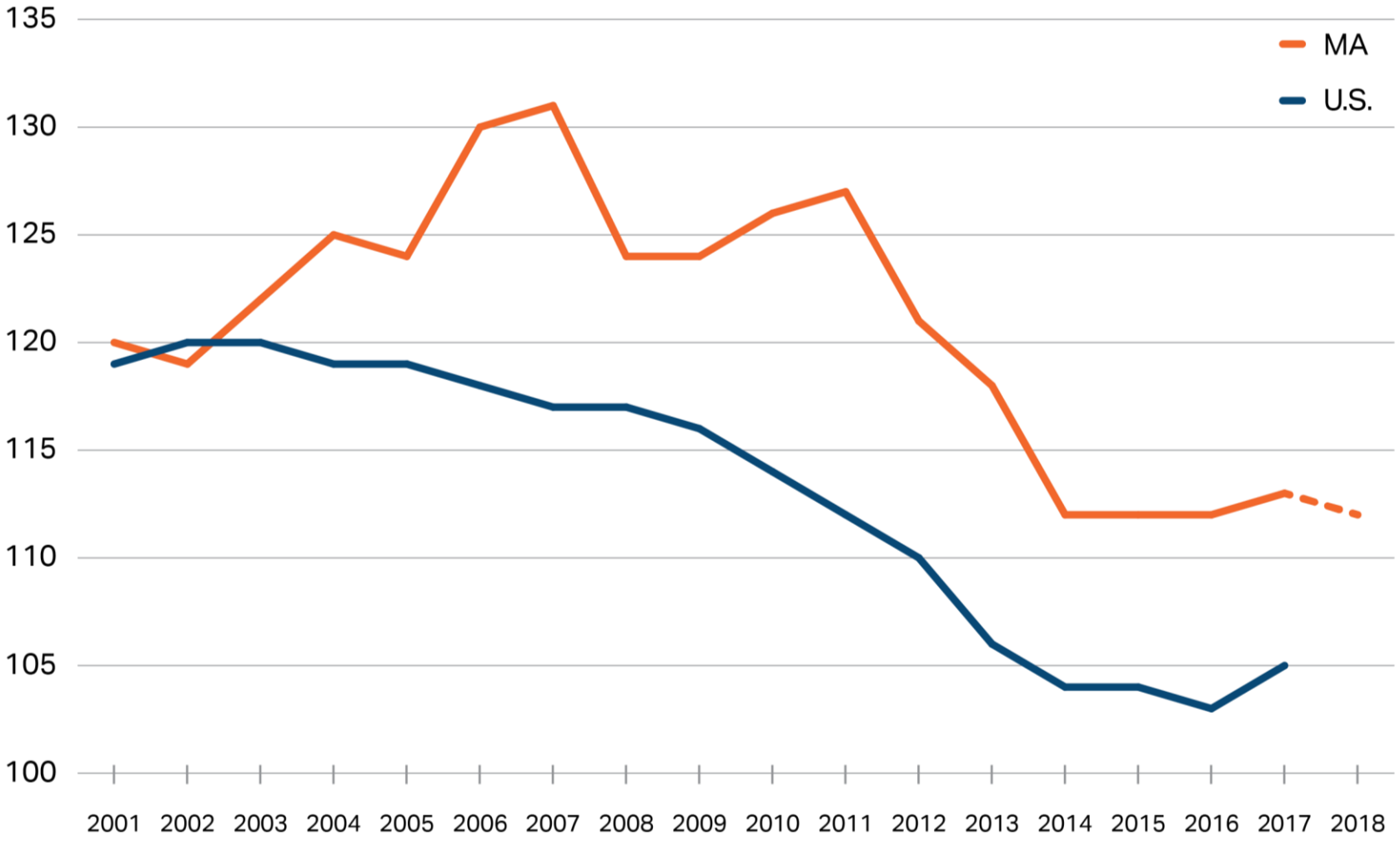
Annual growth in per capita health care spending, Massachusetts and the U.S., 2000-2018



Notes: U.S. data includes Massachusetts. U.S. data point for 2018 is partially projected. MA data point for 2018 is preliminary.
Sources: CMS National Healthcare Expenditure Accounts, Personal Health Care Expenditures Data (U.S. 2014-2018); CMS State Healthcare Expenditure Accounts (U.S. 2000-2014 and MA 2000-2014); CHIA Annual Report THCE Databooks (MA 2014-2018).

Massachusetts inpatient hospital admission rates show little change since 2014 and continue to exceed the U.S. average.

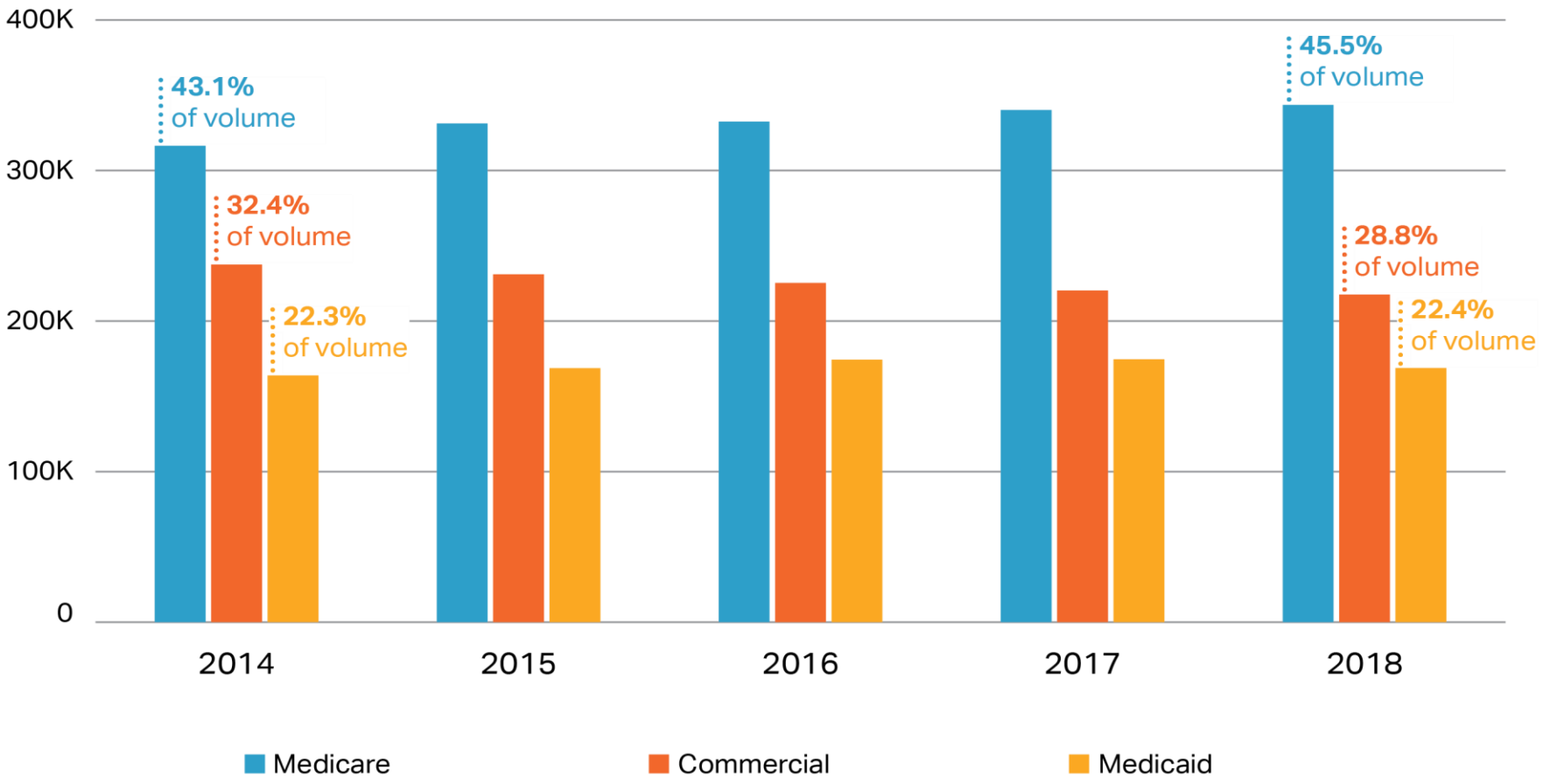
Inpatient hospital admission rate per 1,000 residents, Massachusetts and the U.S., 2001-2018



Notes: U.S. data includes Massachusetts.
Sources: Kaiser Family Foundation analysis of American Hospital Association data (U.S., 2001-2017), HPC analysis of Center for Health Information and Analysis Hospital Inpatient Database (MA 2018).

Over the past five years, inpatient Medicare discharges have increased while commercial inpatient discharges have decreased.

Total inpatient hospital discharges by payer, Massachusetts, 2014-2018

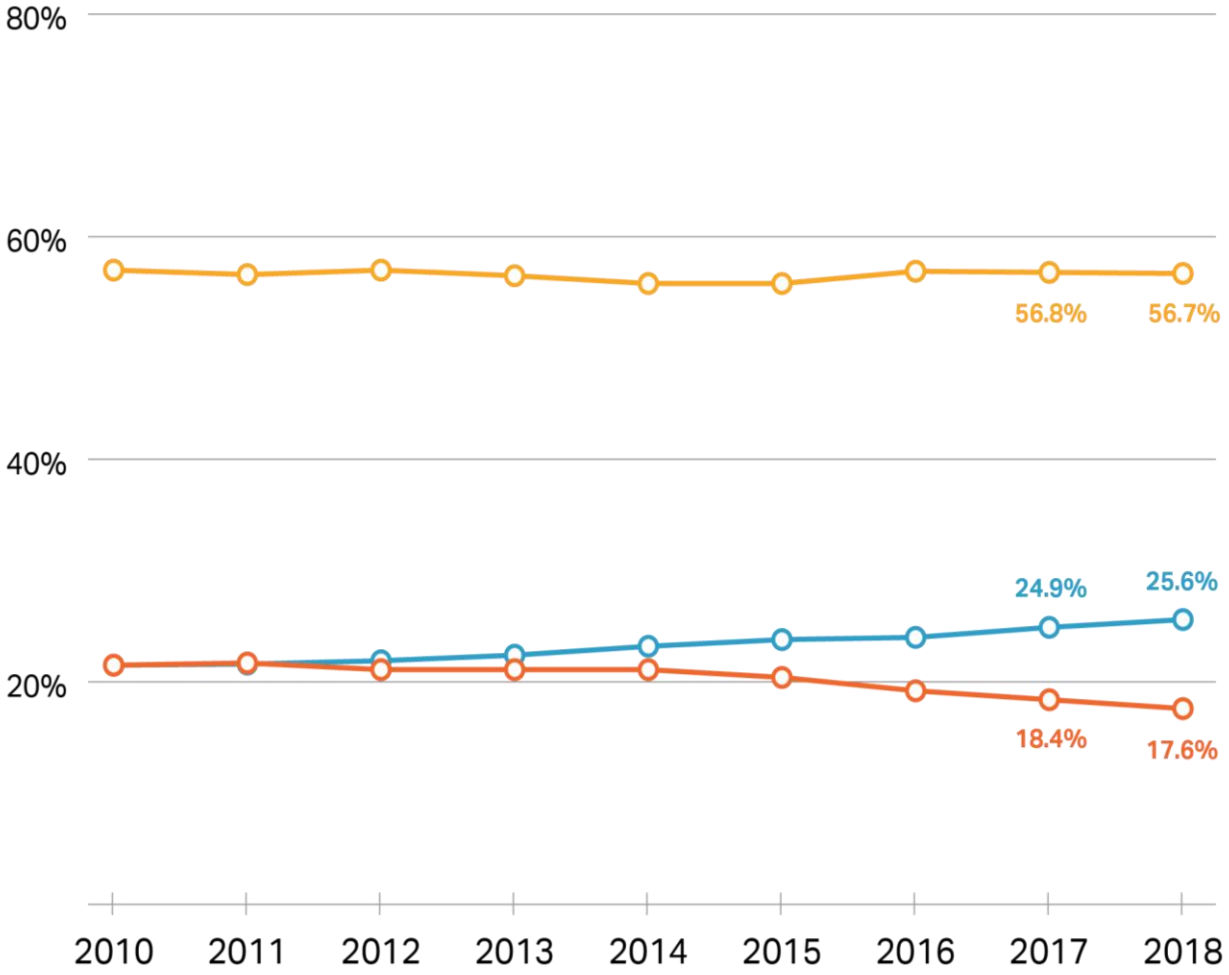


Notes: Out of state residents (~5% of discharges) are excluded from this analysis. Medicaid also includes "Low-margin government" discharges. All other payers (Other government, self/pay) are not illustrated, but accounted for in percentage calculations.

Sources: HPC analysis of Center for Health Information and Analysis Inpatient Discharge Database, 2014-2018.

The rate of inpatient discharges to institutional post-acute care continued to decline, as care shifts to lower-cost settings.

Massachusetts discharge rates to post-acute care settings following an inpatient admission, 2010-2018

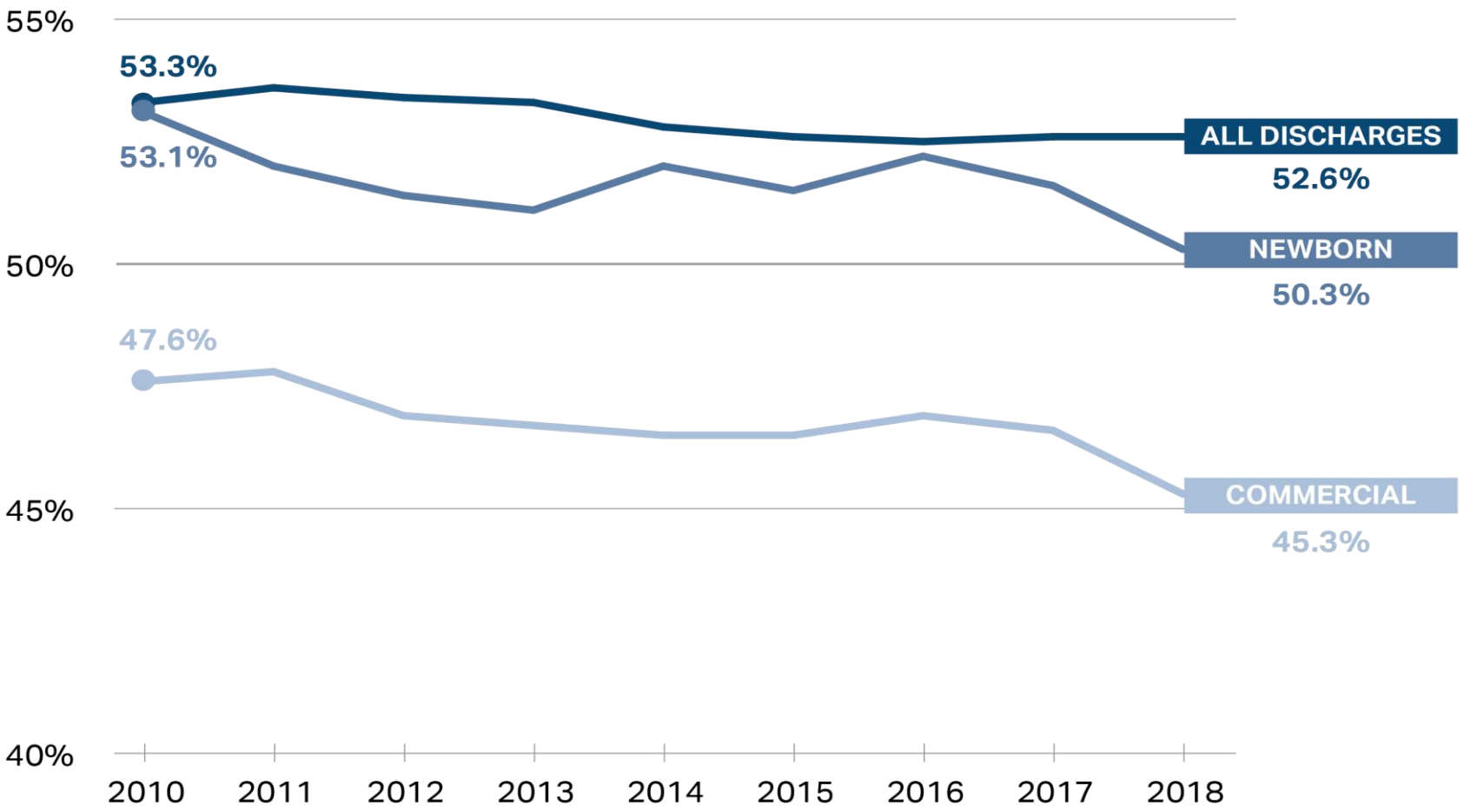


MA discharges to institutional care are closing the gap with the U.S., while the gap in rates of discharge to home health is large and growing.

Note: Out-of-state residents are excluded. Rates adjusted for age, sex, and changes in DRG mix. Several hospitals were excluded (UMass, Clinton, Cape Cod, Falmouth, Marlborough) due to coding irregularities in the data.
Sources: HPC analysis of Center for Health Information and Analysis Hospital Inpatient Discharge Database (2010-2018) and Agency for Healthcare Research and Quality, Healthcare Cost and Utilization Project.

Since 2010, the share of newborns and commercial discharges at community hospitals has declined, especially in the past two years.

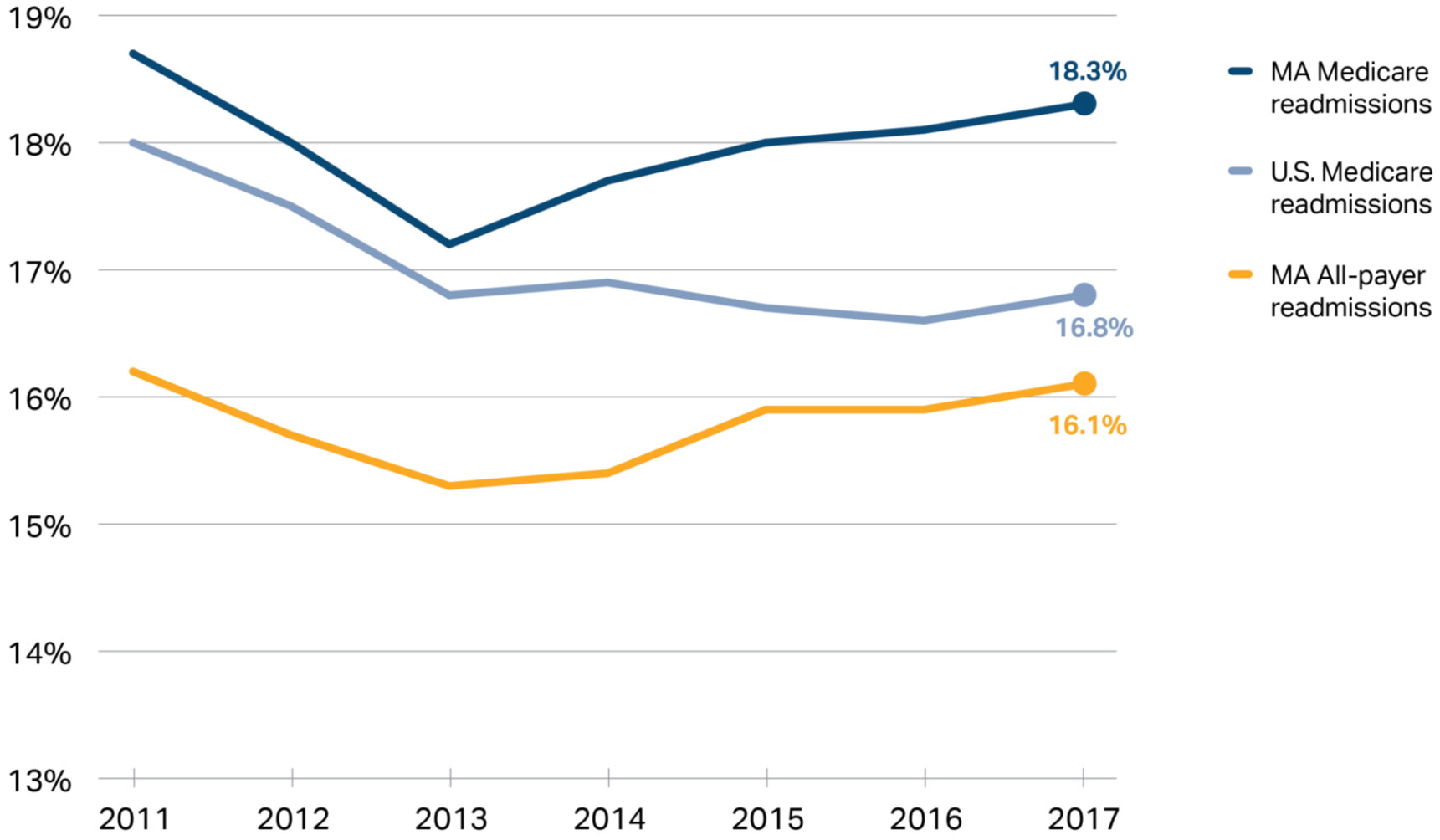
Massachusetts share of discharges in community hospitals, 2010-2018



Notes: Discharges that could be appropriately treated in community hospitals were determined based on expert clinician assessment of the acuity of care provided, as reflected by the cases' diagnosis-related groups (DRGs). The Center for Health Information and Analysis defines community hospitals as general acute care hospitals that do not support large teaching and research programs.
Sources: HPC analysis of Center for Health Information and Analysis Hospitals Inpatient Discharge Database (2010-2018).

Massachusetts readmission rates continue to increase and significantly exceed the U.S. average.

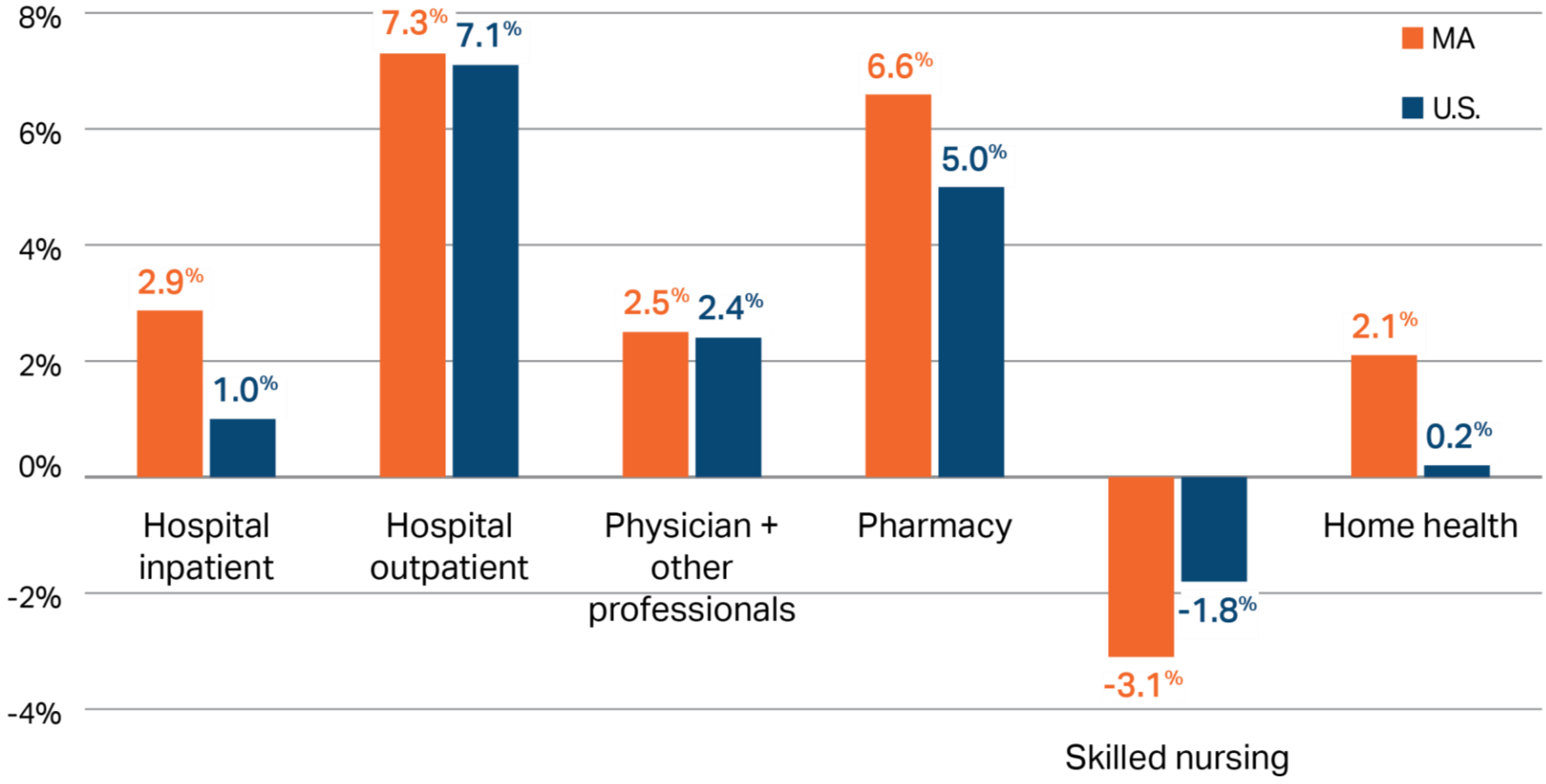
Thirty-day readmission rates, Massachusetts and the U.S., 2011-2017



Notes: Massachusetts Medicare and U.S. Medicare readmission rates are for Medicare beneficiaries aged 65 and over
Sources: Centers for Medicare and Medicaid Services (U.S. and Massachusetts Medicare Geographic Variation Public Use Files 2011-2017); Center for Health Information and Analysis (MA All-payer 2011-2018).

Medicare spending growth in Massachusetts was above the national rate in 2018 in nearly all categories of care.

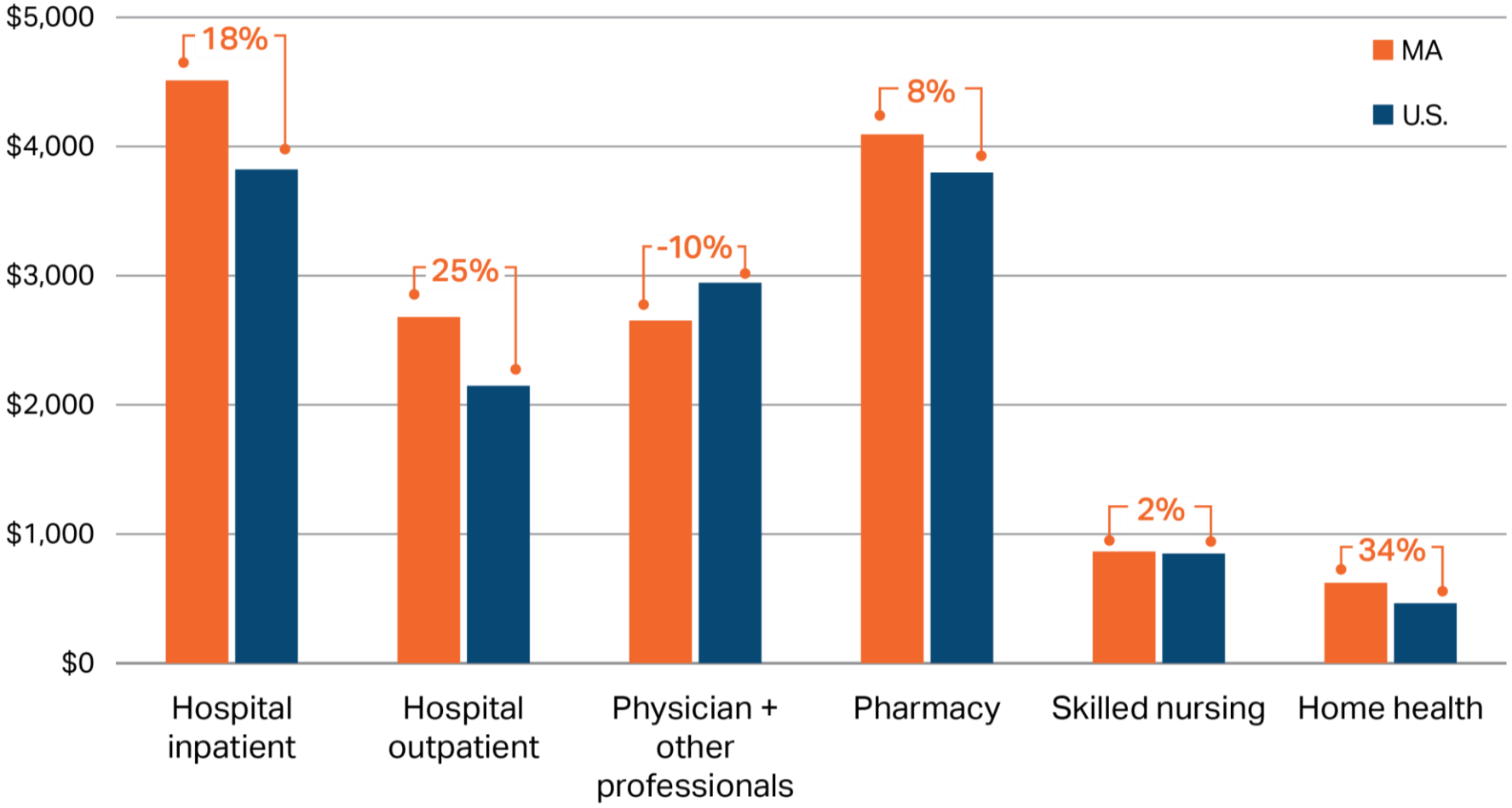
Medicare spending growth per Medicare beneficiary, Massachusetts and the U.S., 2017-2018



Notes: U.S. data includes Massachusetts. Growth in spending by service category reflects all Fee-For-Service Medicare beneficiaries. Prescription drug spending is calculated per enrollee in Medicare Part D. All other categories of spending reflect growth per beneficiary in either Part A or Part B.
Sources: Centers for Medicare and Medicaid Services, 2017-2018.

Spending levels in Massachusetts continue to be above the national average for Medicare beneficiaries in nearly all categories of care.

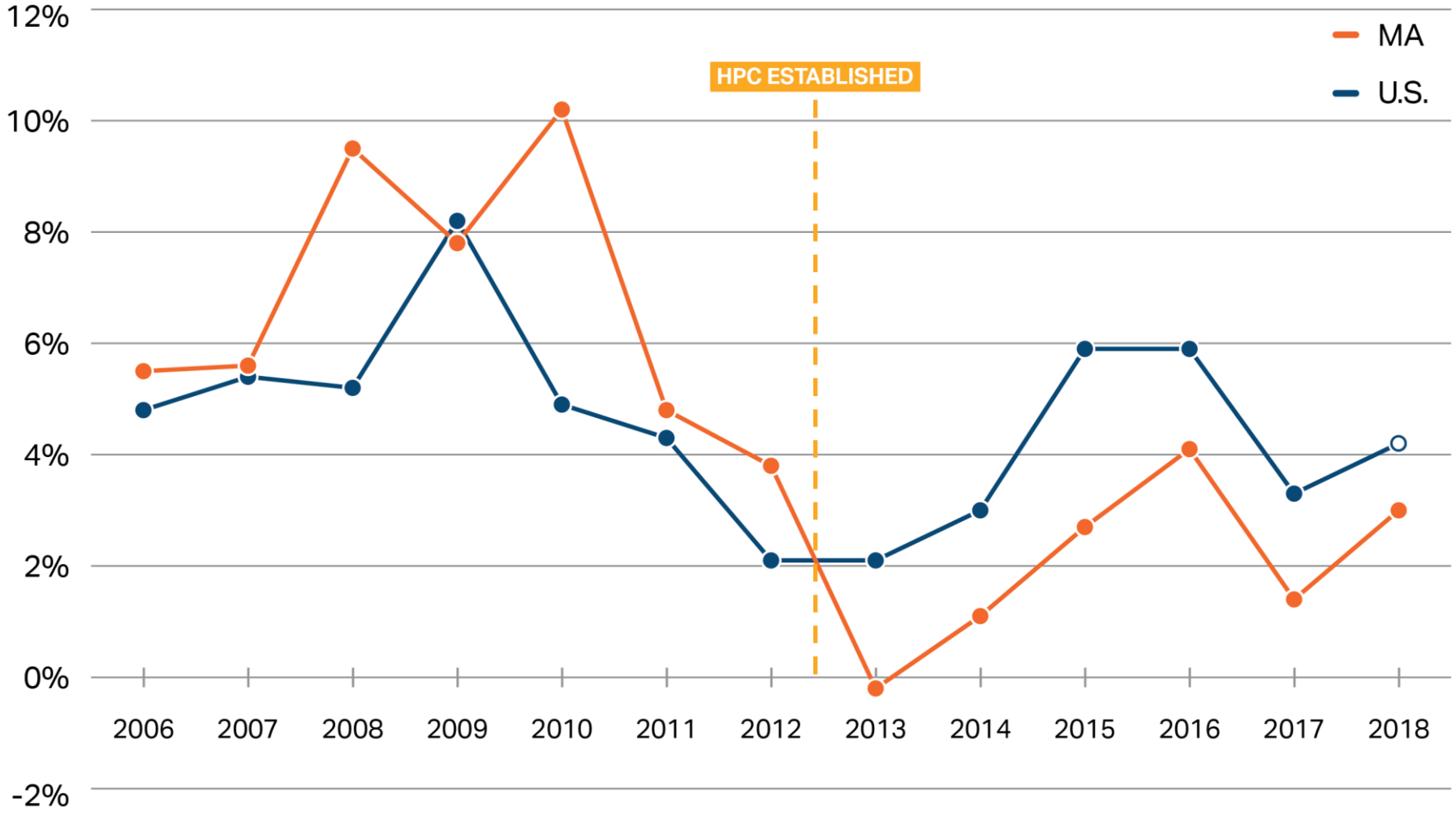
Medicare spending per Medicare beneficiary, Massachusetts and the U.S., 2018



Notes: U.S. data includes Massachusetts. Data reflects Fee-for-Service Medicare beneficiaries. Prescription drug spending is calculated per enrollee in Medicare Part D. All other categories of spending reflect growth per beneficiary in either Part A or Part B.
Sources: Centers for Medicare and Medicaid Services, 2018.

Commercial spending growth in Massachusetts has been below the national rate every year since 2013.

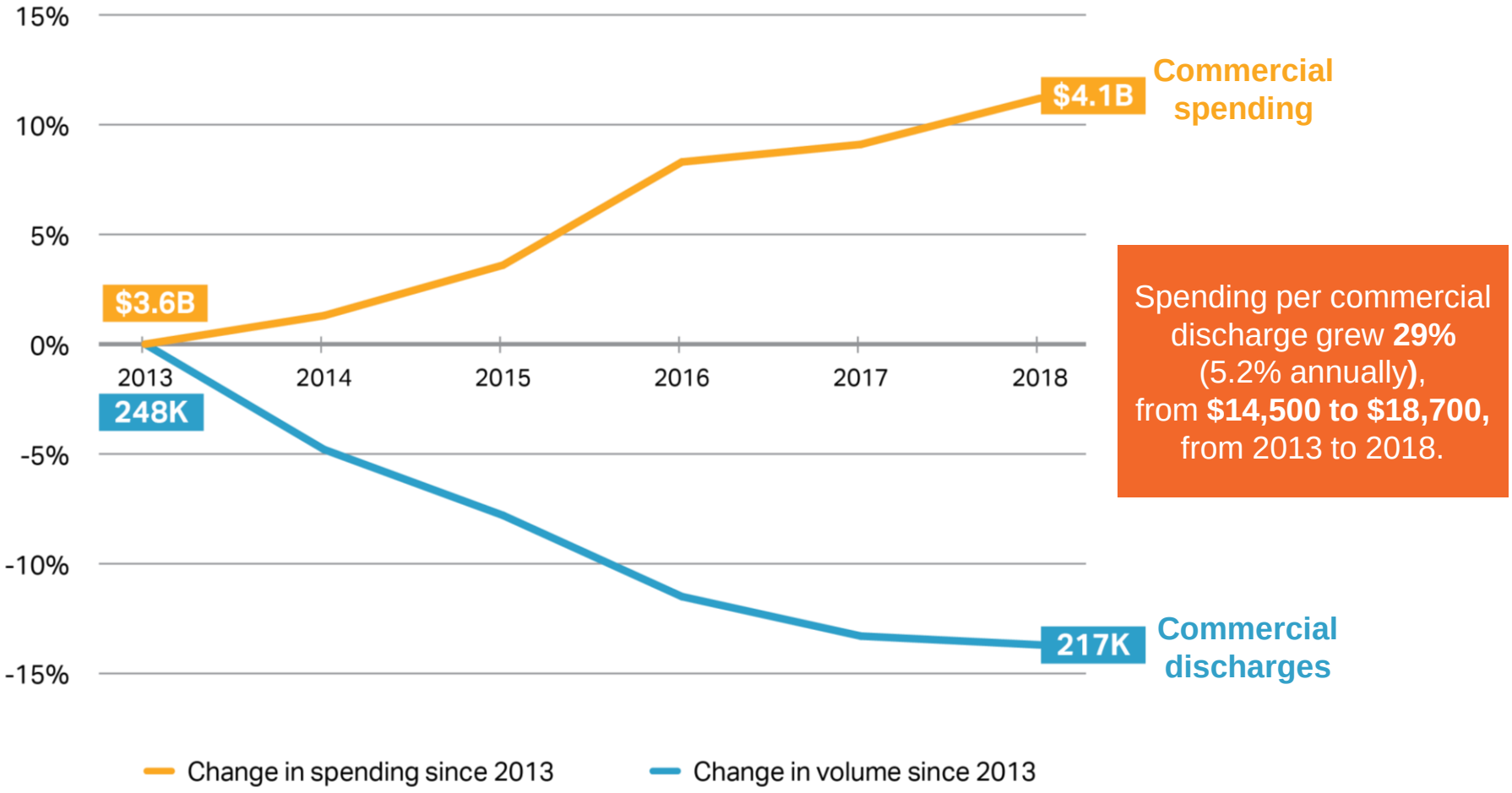
Annual growth in commercial medical spending per enrollee, Massachusetts and the U.S., 2006-2018



Notes: U.S. data includes Massachusetts. U.S. data point for 2018 is partially projected. MA data point for 2018 is preliminary.
Sources: CMS National Healthcare Expenditure Accounts, Personal Health Care Expenditures Data (U.S. 2014-2018) ; CMS State Healthcare Expenditure Accounts (U.S. 2000-2014 and MA 2000-2014); CHIA Annual Report THCE Databooks (MA 2014-2018).

Commercial inpatient spending grew 11% even as volume fell 14% between 2013 and 2018.

Cumulative change in commercial inpatient hospital volume and spending per enrollee (percentages) and absolute, 2013-2018



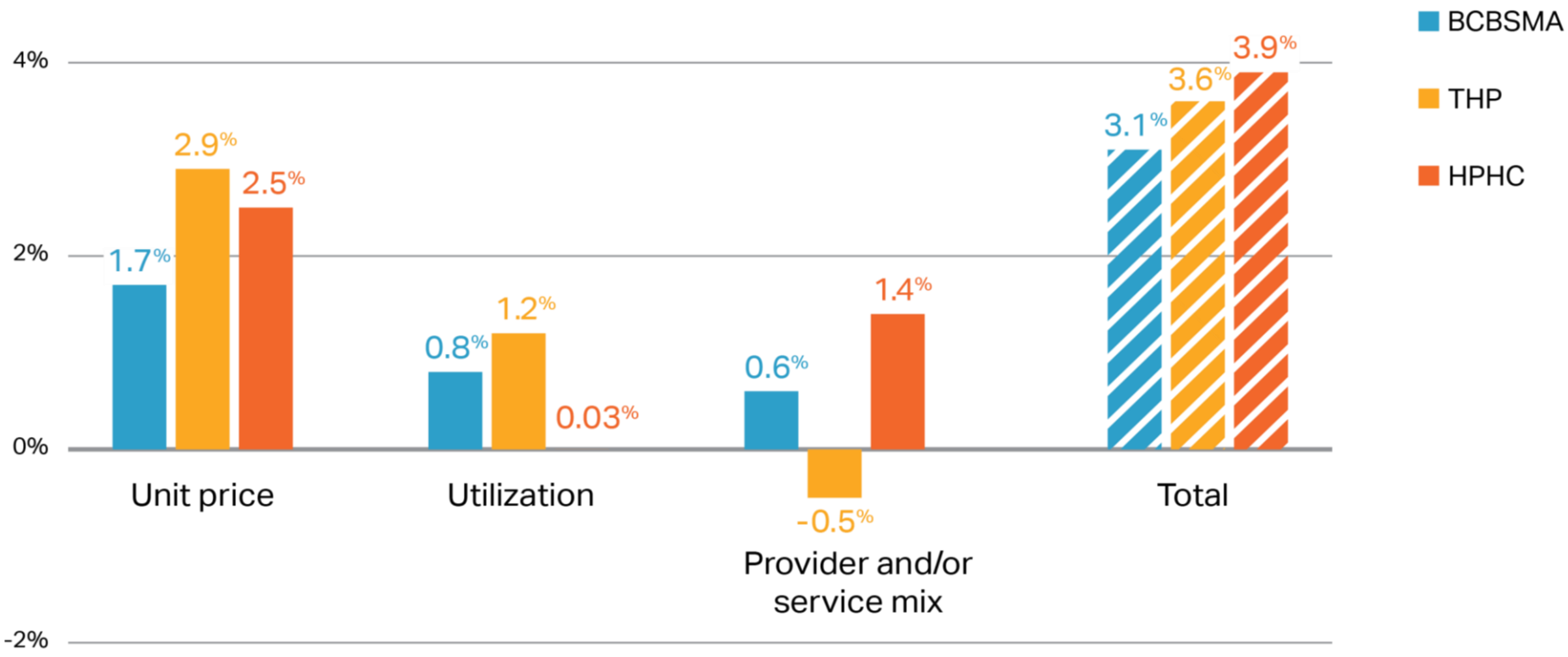
Spending per commercial discharge grew **29%** (5.2% annually), from **$14,500 to $18,700,** from 2013 to 2018.

Notes: Data points indicate % growth from previous year (2013=0). Volume data correspond to fiscal years while spending data are calendar years.

Sources: CHIA Hospital Inpatient Discharge Data, 2013-2018. Commercial full-claims TME from CHIA Annual Report TME Databooks. 2019 Annual report (for 2017-2018 growth and 2016-2017 growth), 2018 Annual Report (for 2015-2016), 2017 Annual Report (for 2014-2015) and 2016 Annual Report (for 2013-2014 growth).

Unit price increases continued to drive most of the spending growth among Massachusetts' largest insurers over the past three years.

Average annual growth in spending by component for top three Massachusetts payers, 2016-2018

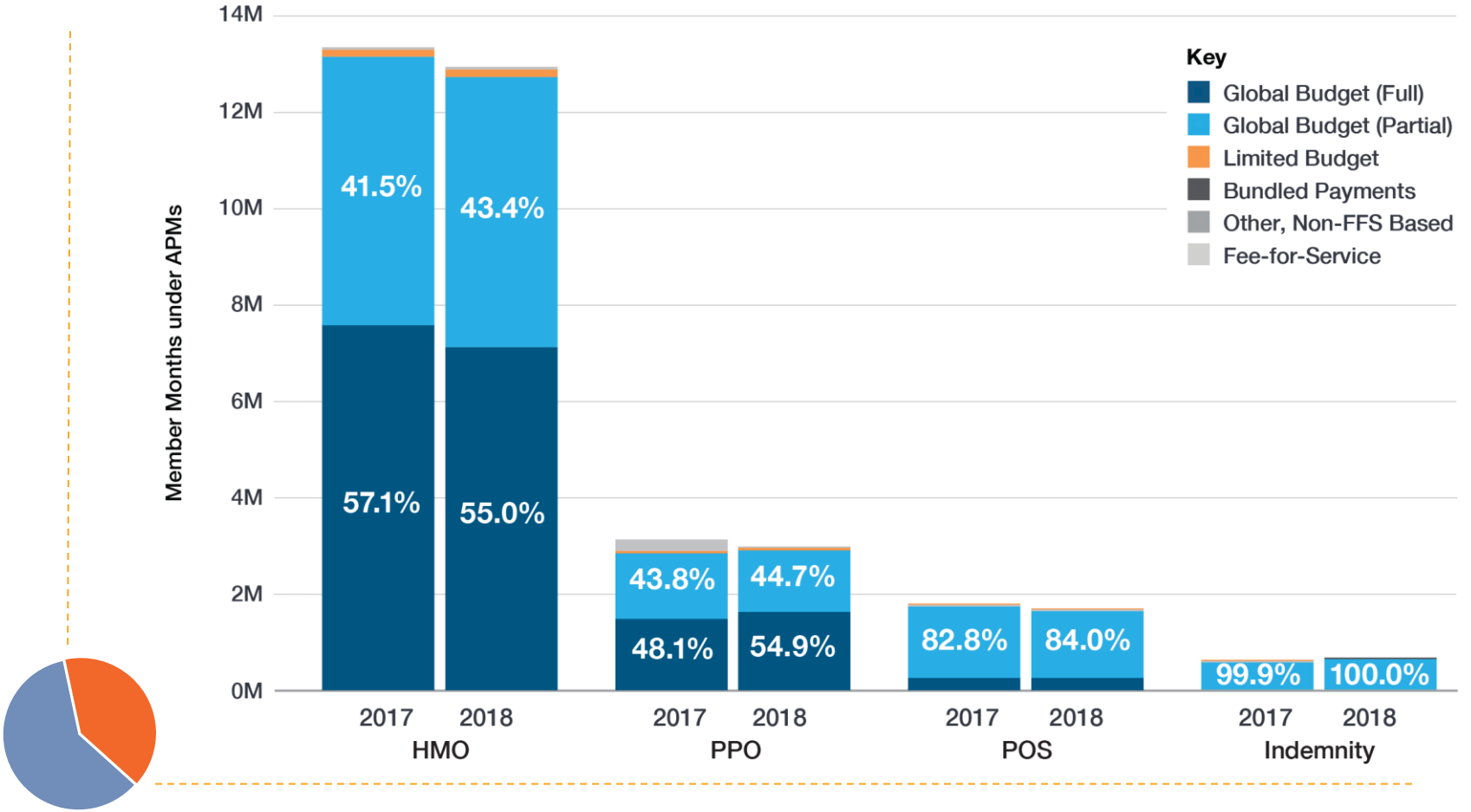


Notes: Average of medical expenditure trend by year 2016-2018. BCBSMA = Blue Cross Blue Shield of Massachusetts; THP = Tufts Health Plan; HPHC = Harvard Pilgrim Health Care.

Source: HPC analysis of Pre-Filed Testimony pursuant to the 2019 Annual Cost Trends Hearing

Commercial Insurance

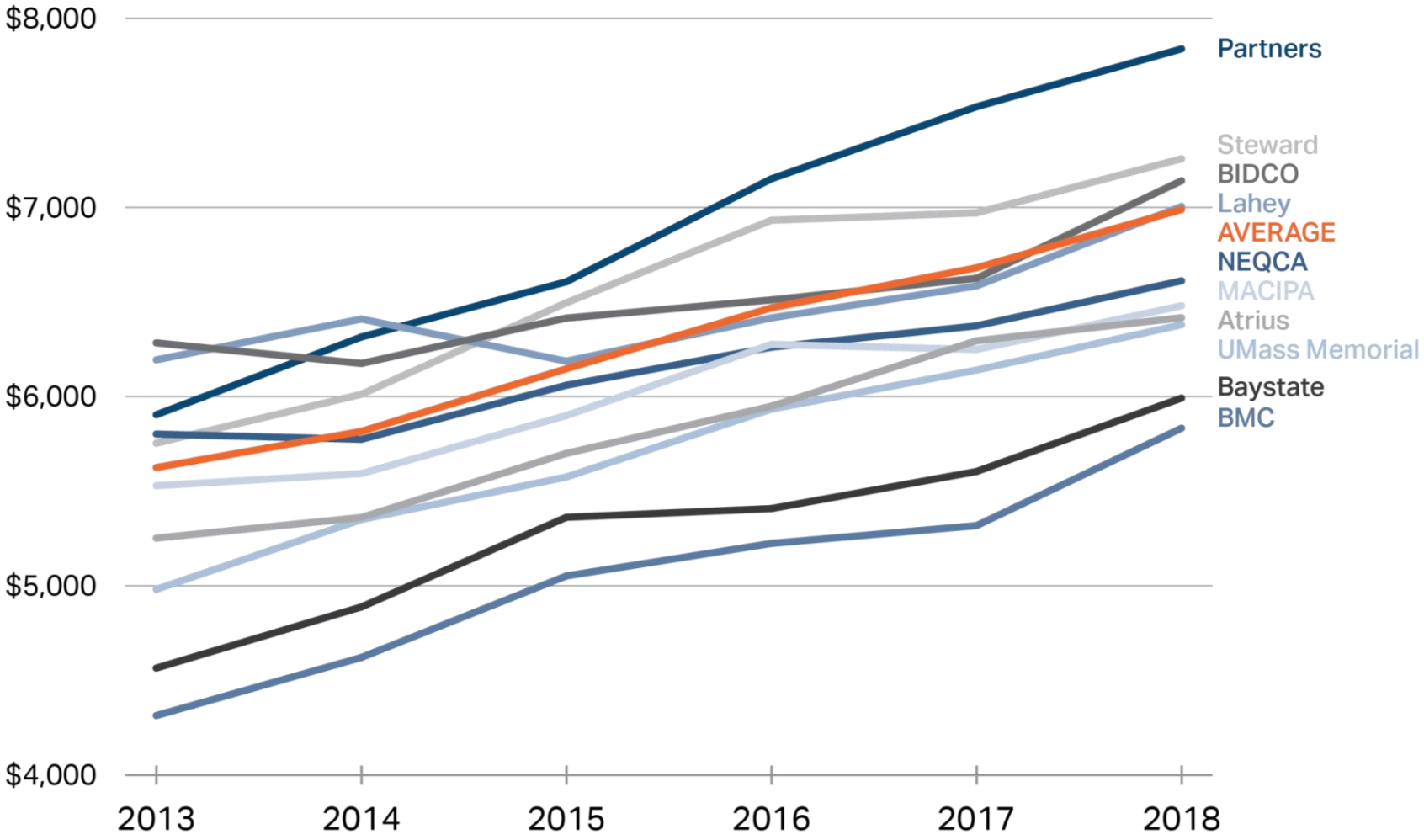
Alternative Payment Methods, 2017-2018



Global budgets inclusive of all services were the predominant APM among HMO and PPO products.

Annual commercial spending per member varies more than $2,000 by provider group; spending grew 24% on average from 2013 – 2018.

Total medical expenditures (unadjusted) per member by managing provider organization, 2013-2018

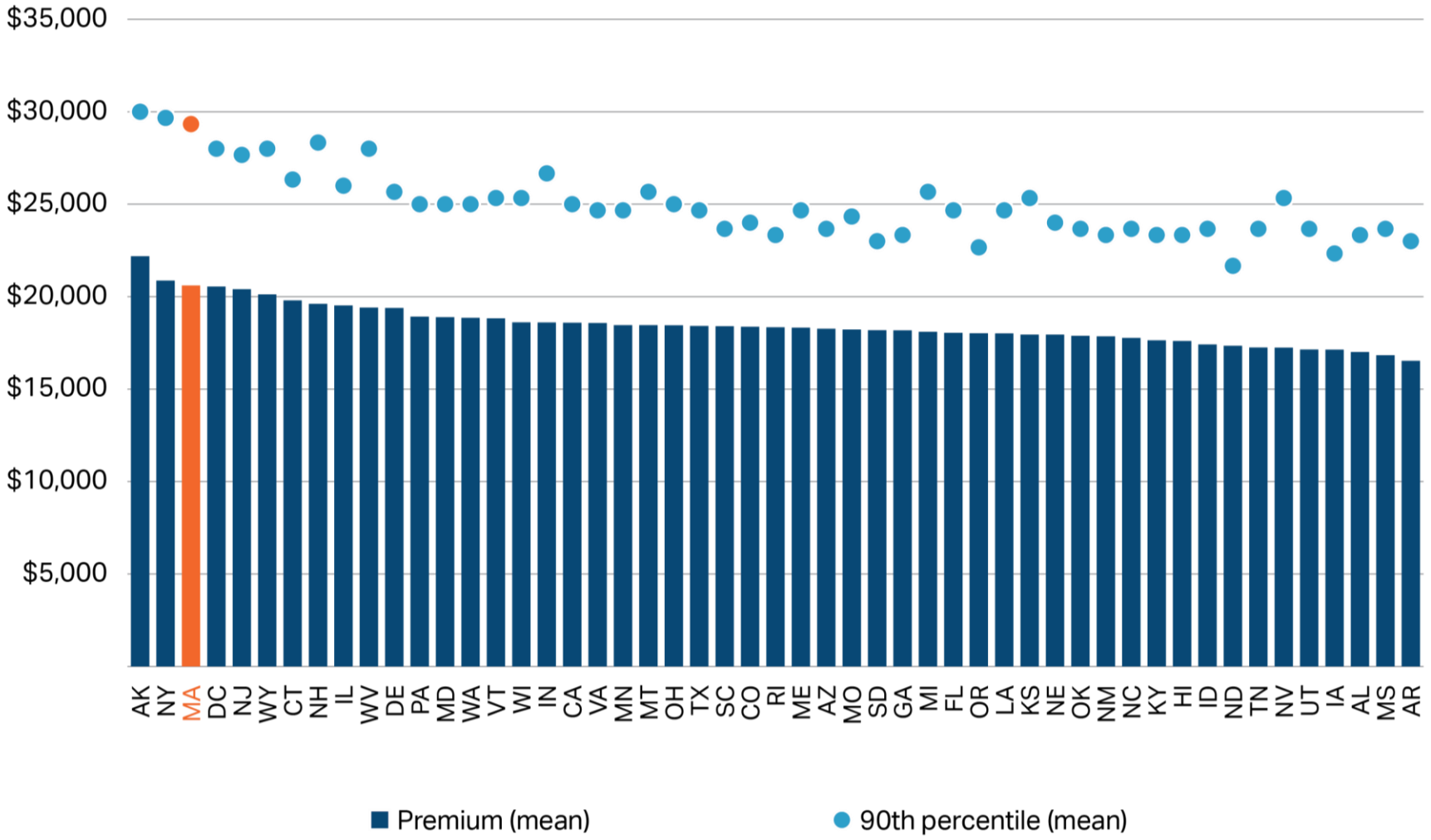


Notes: Analysis includes the ten largest provider groups and commercial spending for BCBSMA, Tufts, and HPHC members only. Members included are those in HMO or POS products which require choice of a primary care provider.

Source: HPC analysis of Center for Health Information and Analysis 2016-2019 Annual Reports, TME Databook

Massachusetts has the 3rd highest average family premium in the U.S.; premiums exceed $30,000 for one in 10 Massachusetts residents.

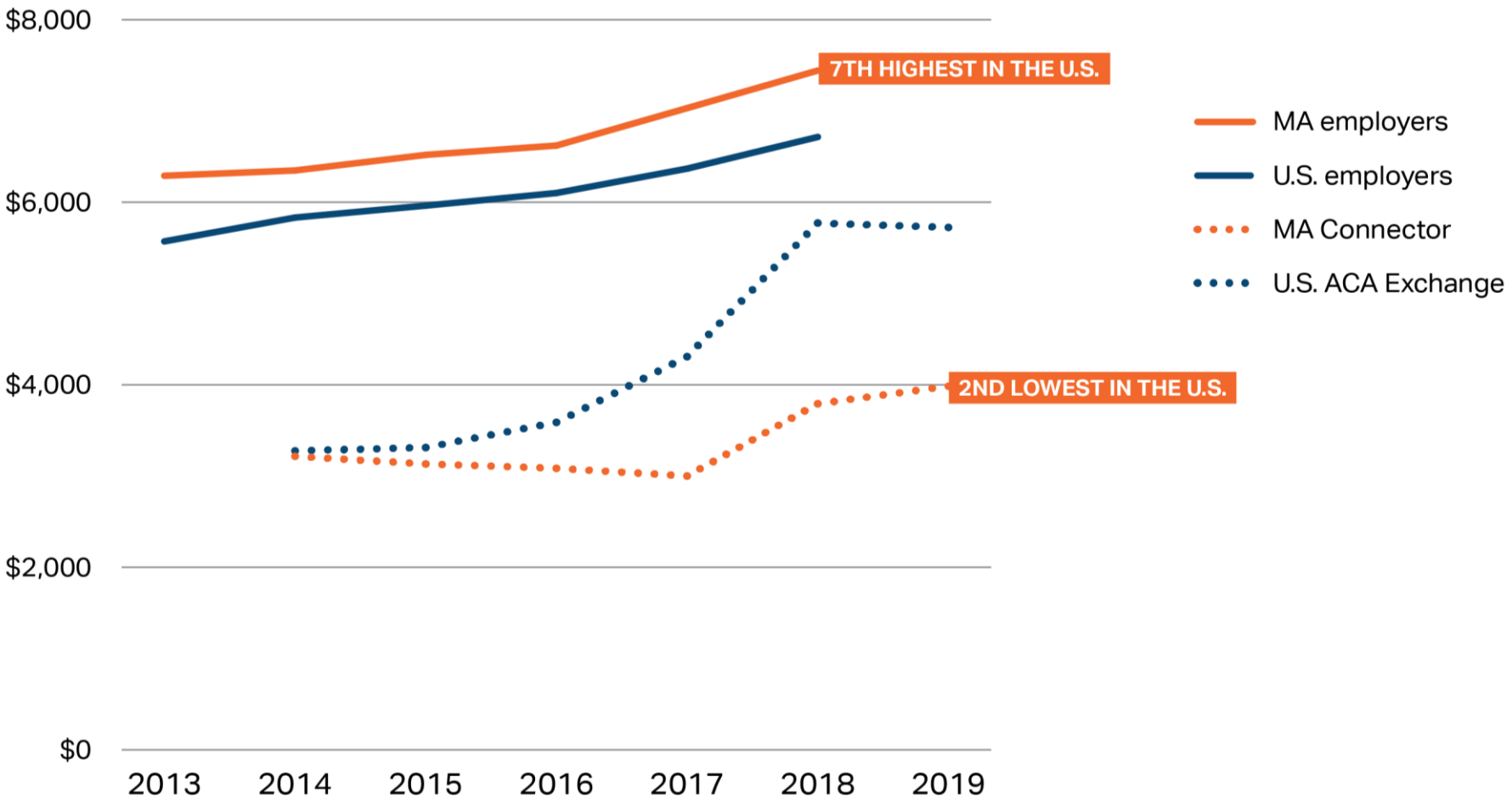
Average and 90th percentile of family premiums by state averaged across 2016-2018



Notes: Mean premiums and 90th percentile represent the three-year average from 2016 to 2018.
Source: HPC analysis of Agency for Healthcare Research and Quality (AHRQ) Medical Expenditure Panel Survey (MEPS), 2016-2018

While Massachusetts has among the highest employer-sponsored insurance premiums, Connector premiums remain the second lowest in the U.S.

*Annual premium for **single** coverage in the employer market and average annual unsubsidized benchmark premium for a 40-year-old in the ACA Exchanges, Massachusetts and the U.S., 2013-2019*

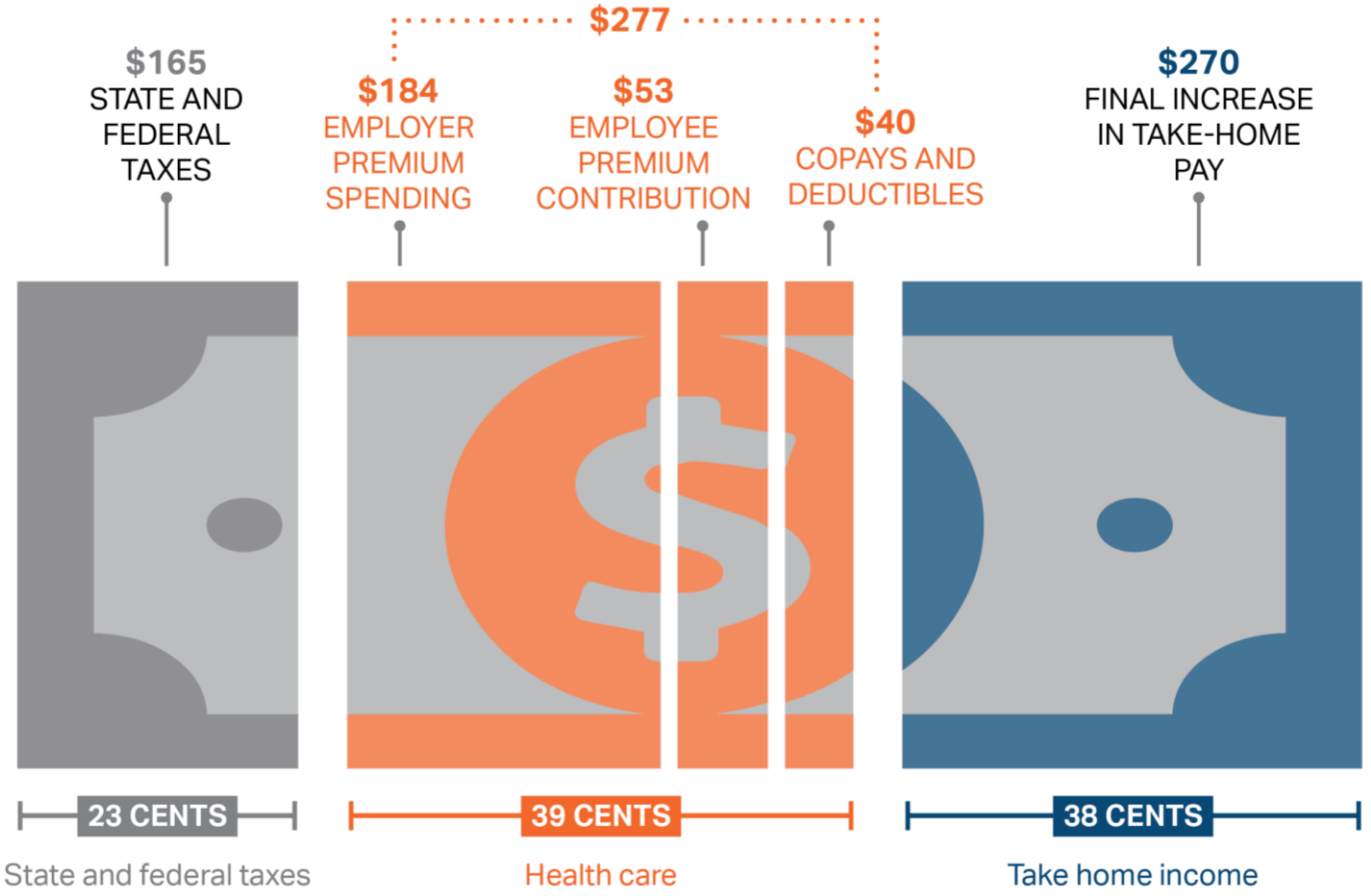


Notes: U.S. data includes Massachusetts. Employer premiums are averages based on a large sample of employers within each state. Exchange data represent the weighted average annual premium for the second-lowest silver (Benchmark) plan based on county-level data in each state. Exchange premiums grew in 2018 partly due to the discontinuation of cost-sharing reduction subsidies by the federal government.

Sources: Kaiser Family Foundation analysis of premium data from healthcare.gov (marketplace premiums 2014-2019); Agency for Healthcare Research and Quality (AHRQ) Medical Expenditure Panel Survey (MEPS), (commercial premiums 2013-2018).

Nearly 40 cents of every additional dollar earned by Massachusetts families between 2016 and 2018 went to health care.

Allocation of the increase in monthly compensation between 2016 and 2018 for a median Massachusetts family with health insurance through an employer



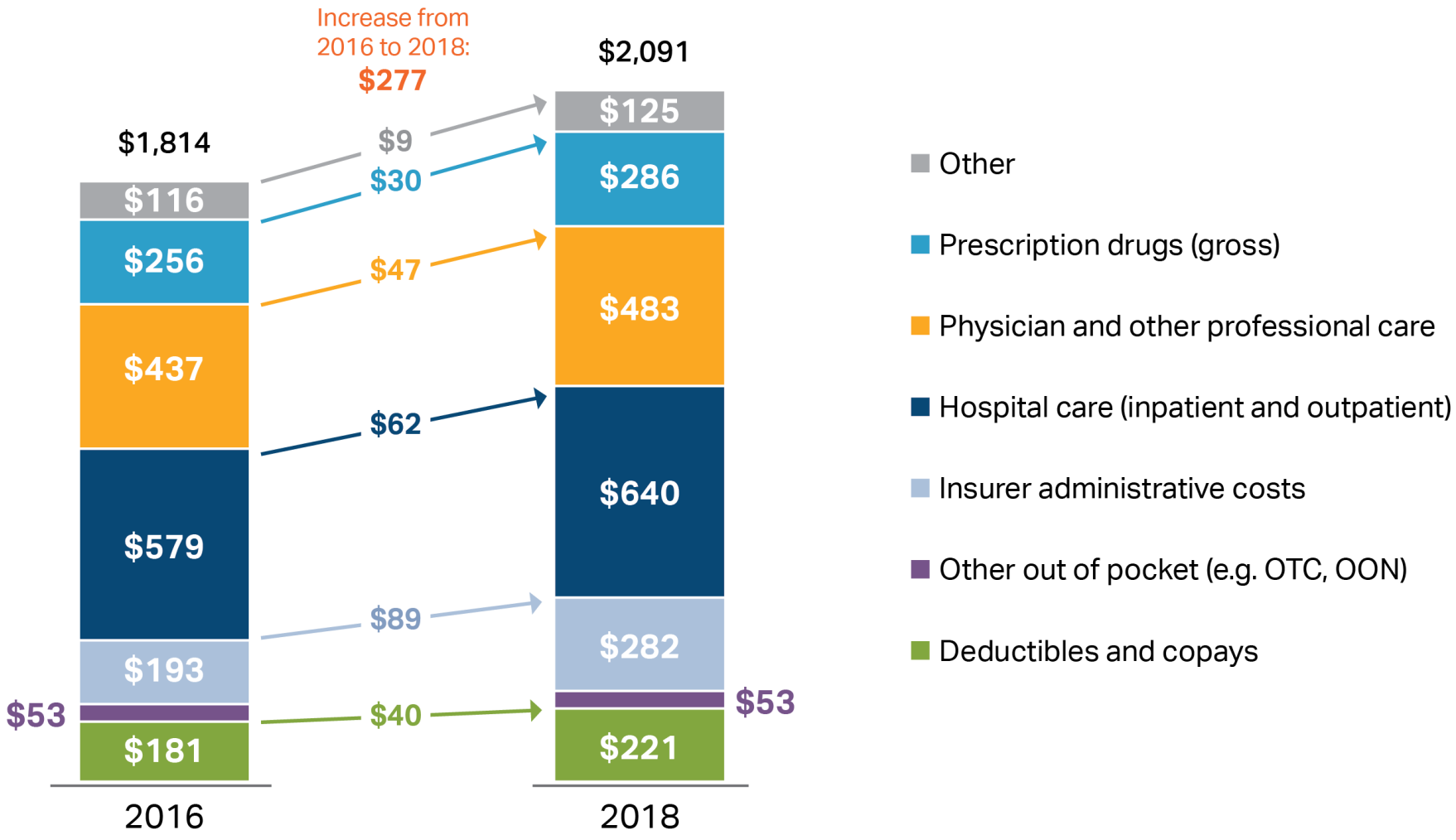
Notes: Data represent Massachusetts families who obtain private health insurance through an employer. Massachusetts median family income grew from $95,207 to $101,548 over the period while mean family employer-sponsored insurance premiums grew from $18,955 to $21,801. Compensation is defined as employer premium contributions plus income as recorded in the ACS and is considered earnings. All premium payments are assumed non-taxable. Tax figures include income, payroll, and state income tax.

Sources: HPC analysis of Agency for Healthcare Research and Quality (AHRQ) Medical Expenditure Panel Survey Insurance Component (premiums) American Community Survey (ACS) 1-year files (income), and Center for Health Information and Analysis 2019 Annual Report (cost-sharing).

HPC

Health care spending for Massachusetts families with employer-sponsored coverage exceeded $2,000 *per month* in 2018.

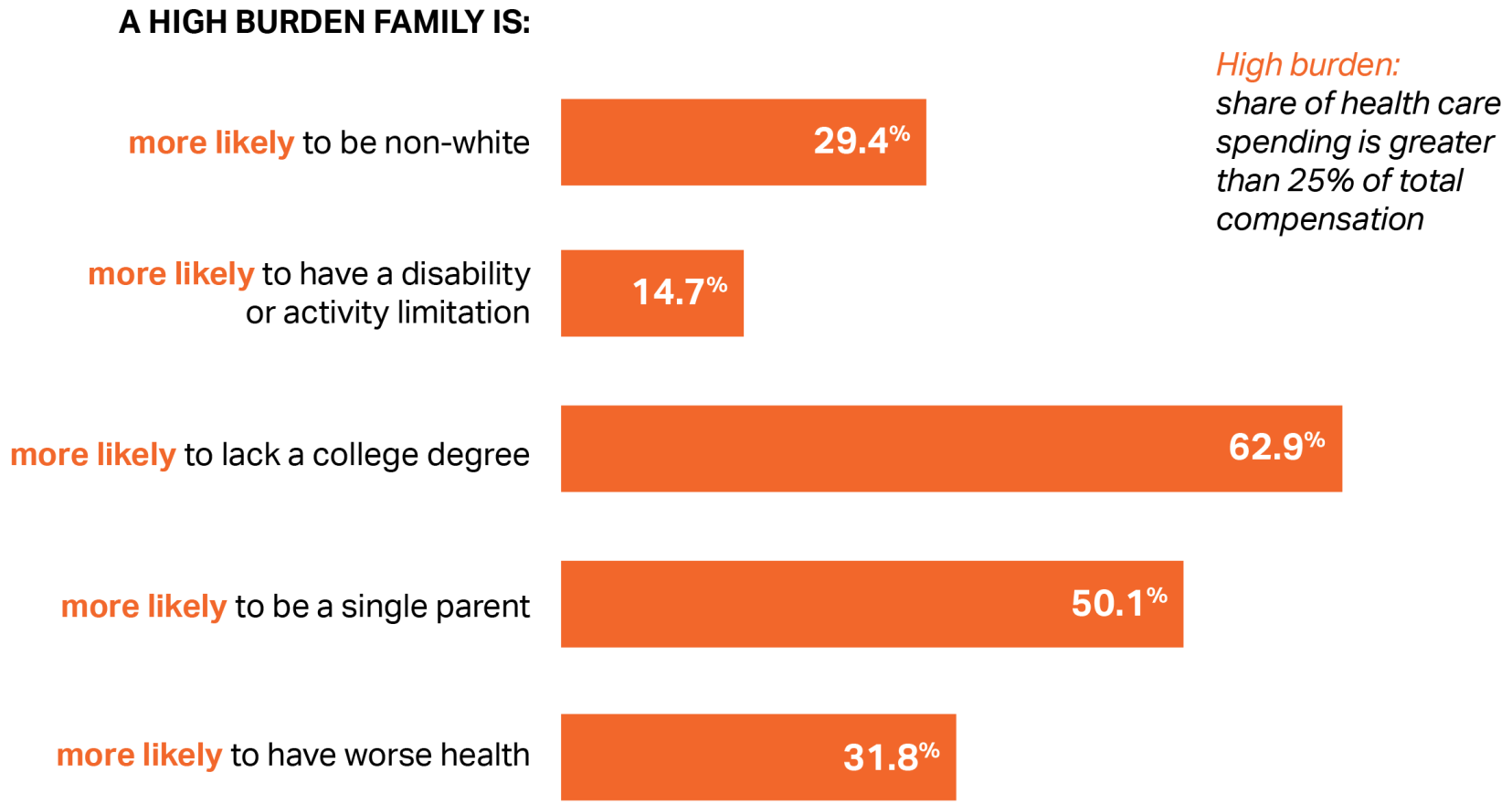
Monthly health care spending for an average Massachusetts family, by category, 2016 vs. 2018



Notes: Spending reflects members with employer-sponsored commercial coverage. Prescription drug spending does not account for rebates.
Source: HPC analysis of Center for Health Information and Analysis Annual Report, 2019, Agency for Healthcare Research and Quality (AHRQ) Medical Expenditure Panel Survey (MEPS), 2016-2018, CPS Annual Social and Economic Supplement.

23% of Massachusetts middle-class families spend more than a quarter of all earnings on health care.

Characteristics of middle-class families with employer-sponsored health insurance that spend more than a quarter of earnings on health care (high burden families), 2016-2018 average



Notes: Estimates are a three-year average of middle class families from 2016-2018; middle class definition is based on General Social Survey (GSS) occupational prestige scores; "high burden" families are those whose total spending on healthcare (premiums, over-the-counter and other out-of-pocket spending) exceeds 25% of their total compensation. Premiums include employer and employee premium contributions and earnings (compensation) includes employer premium contribution. Disability or activity limitation was defined as difficulty walking or climbing stairs, dressing or bathing, hearing, seeing, or having a health problem or a disability which prevents work or limits the kind or amount of work they can perform. College degree was defined as having a B.A. or higher degree in the family. Single-parent families are those in families who did not report being in a married couple family (male or female reference person). Worse health was defined as those reporting a health status "poor," "fair" or "good."
Source: HPC's analysis of data from the CPS Annual Social and Economic Supplement (ASEC), 2016-8 and Agency for Healthcare Research and Quality (AHRQ) Medical Expenditure Panel Survey (MEPS), 2016-2018 (premiums).

HPC

IV. CFO Update (INFORM)

- QI Financial Performance

IV. CFO Update (INFORM)

Budget & Financial:

Commonwealth of Massachusetts
Group Insurance Commission
Your Benefits Connection

FY20 STATE SHARE EXPENSE FOR ALL ACCOUNTS					
	July 2019	August 2019	September 2019	October 2019	TOTAL
Allways Health Claims	$5,528,664	$5,654,556	$6,937,638	$5,943,557	$24,064,415
Beacon Claims	$49,574	$84,542	$6,433	$15,546	$156,095
Caremark/Express Scripts/SilverScript Claims	$19,375,601	$58,385,504	$52,109,190	-$4,279,499	$125,590,795
Davis Vision Claims	$30,959	$46,490	$36,364	$36,857	$150,670
Fallon Health Claims	$5,614,161	$3,949,581	$5,354,186	$4,671,654	$19,589,582
Harvard Pilgrim Claims	$34,409,156	$23,376,918	$22,596,876	$28,839,814	$109,222,765
Harvard Pilgrim Medicare Enhance Claims	$2,482,203	$1,586,501	$1,454,809	$1,946,173	$7,469,688
Health New England Claims	$7,008,415	$5,471,252	$7,073,287	$5,257,294	$24,810,247
Tufts Navigator & Spirit Claims	$34,893,991	$37,057,362	$27,415,988	$27,575,217	$126,942,558
Tufts Medicare Complement Claims	$965,724	$1,242,841	$827,642	$1,028,559	$4,064,767
Unicare Claims	$61,427,928	$49,910,835	$64,979,212	$55,040,217	$231,358,191
Other costs	$869,942	$104,534	$103,329	$312,569	$1,390,374
Claims sub-total	**$172,656,319**	**$186,870,916**	**$188,894,953**	**$126,387,959**	**674,810,147**
Basic Life	$825,747	$826,028	$825,872	826,168	$3,303,815
RMT Life	$46,029	$49,966	$42,219	46,761	$184,975
Dental	$699,962	$701,195	$701,488	700,310	$2,802,955
Tufts Medicare Preferred	$642,105	$642,524	$642,037	643,618	$2,570,284
UBH Optum	$111,384	$111,384	$111,384	111,384	$445,536
ASO Administrative Fee	$6,651,088	$6,640,088	$6,628,328	5,220,590	$25,140,094
Premiums sub-total	**$8,976,315**	**$8,971,185**	**$8,951,327**	**7,548,831**	**$34,447,659**
TOTAL	**$181,632,634**	**$195,842,101**	**$197,846,281**	**133,936,790**	**$709,257,806**

Monthly state (government) share of the claims reimbursements, premiums, and administrative fees through October of FY20.

IV. CFO Update (INFORM)
Budget & Financial

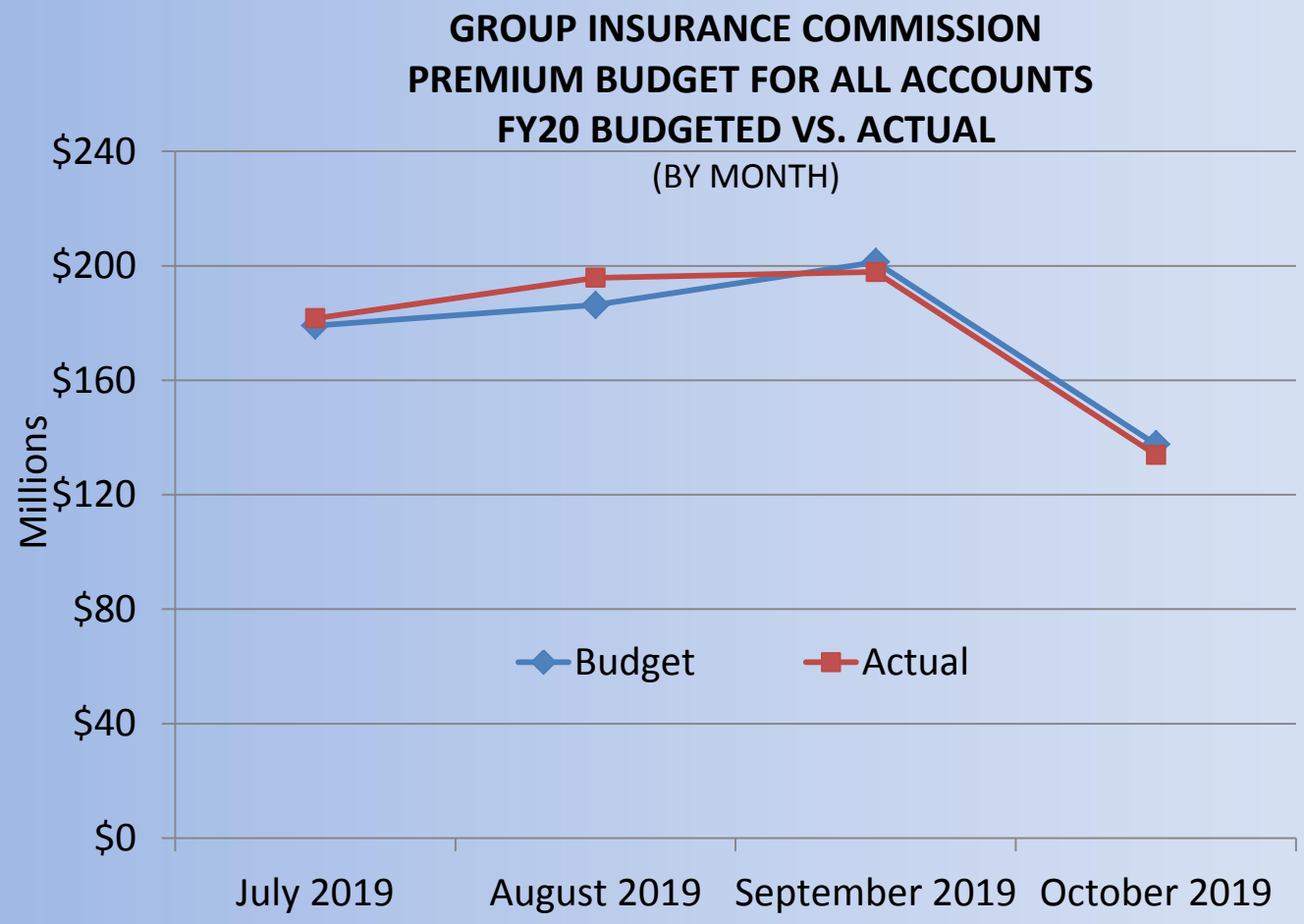
Commonwealth of Massachusetts
Group Insurance Commission
Your Benefits Connection

FY20 EMPLOYEE SHARE EXPENSE					
	July 2019	August 2019	September 2019	October 2019	TOTAL
Allways Health Claims	$1,625,022	$1,659,722	$2,041,000	$1,749,129	$7,074,873
Beacon Claims	13,896	23,205	1,742	4,328	$43,172
Caremark/Express Scripts/SilverScript Claims	4,681,102	14,924,699	13,190,747	-796,160	$32,000,388
Davis Vision Claims	5,463	8,204	6,417	6,504	$26,589
Fallon Health Claims	1,608,346	1,136,808	1,540,740	1,343,466	$5,629,360
Harvard Pilgrim Claims	9,311,283	6,369,163	6,143,013	7,867,821	$29,691,281
Harvard Pilgrim Medicare Enhance Claims	547,998	349,265	320,510	428,722	$1,646,496
Health New England Claims	1,977,691	1,547,789	2,010,081	1,493,036	$7,028,597
Tufts Navigator & Spirit Claims	9,610,967	10,207,674	7,567,604	7,615,990	$35,002,236
Tufts Medicare Complement Claims	210,929	271,624	181,173	225,364	$889,091
Unicare Claims	16,712,959	13,673,156	17,871,773	15,178,581	$63,436,469
Claims sub-total	**$46,305,657**	**$50,171,310**	**$50,874,801**	**$35,116,782**	**$182,468,551**
Basic Life	220,902	221,129	221,454	221,548	885,032
Optional Life	3,725,679	3,733,370	3,781,488	3,795,948	15,036,485
RMT Life	11,554	11,538	11,602	11,736	46,431
Long-Term Disability	1,179,311	1,178,550	1,194,492	1,237,832	4,790,186
Dental	2,018,580	2,031,166	2,040,954	2,051,751	8,142,451
Tufts Medicare Preferred	133,893	133,987	134,132	134,432	536,444
UBH Optum	19,656	19,656	19,656	19,656	78,624
ASO Administrative Fee	1,795,711	1,795,397	1,795,069	1,419,990	6,806,167
Premiums sub-total	**$9,105,286**	**$9,124,793**	**$9,198,848**	**$8,892,893**	**$36,321,821**
TOTAL	**$55,410,943**	**$59,296,103**	**$60,073,649**	**$44,009,676**	**$218,790,371**

Monthly employee share of the claims reimbursements, premiums, and administrative fees through October of FY20.

IV. CFO Update (INFORM)

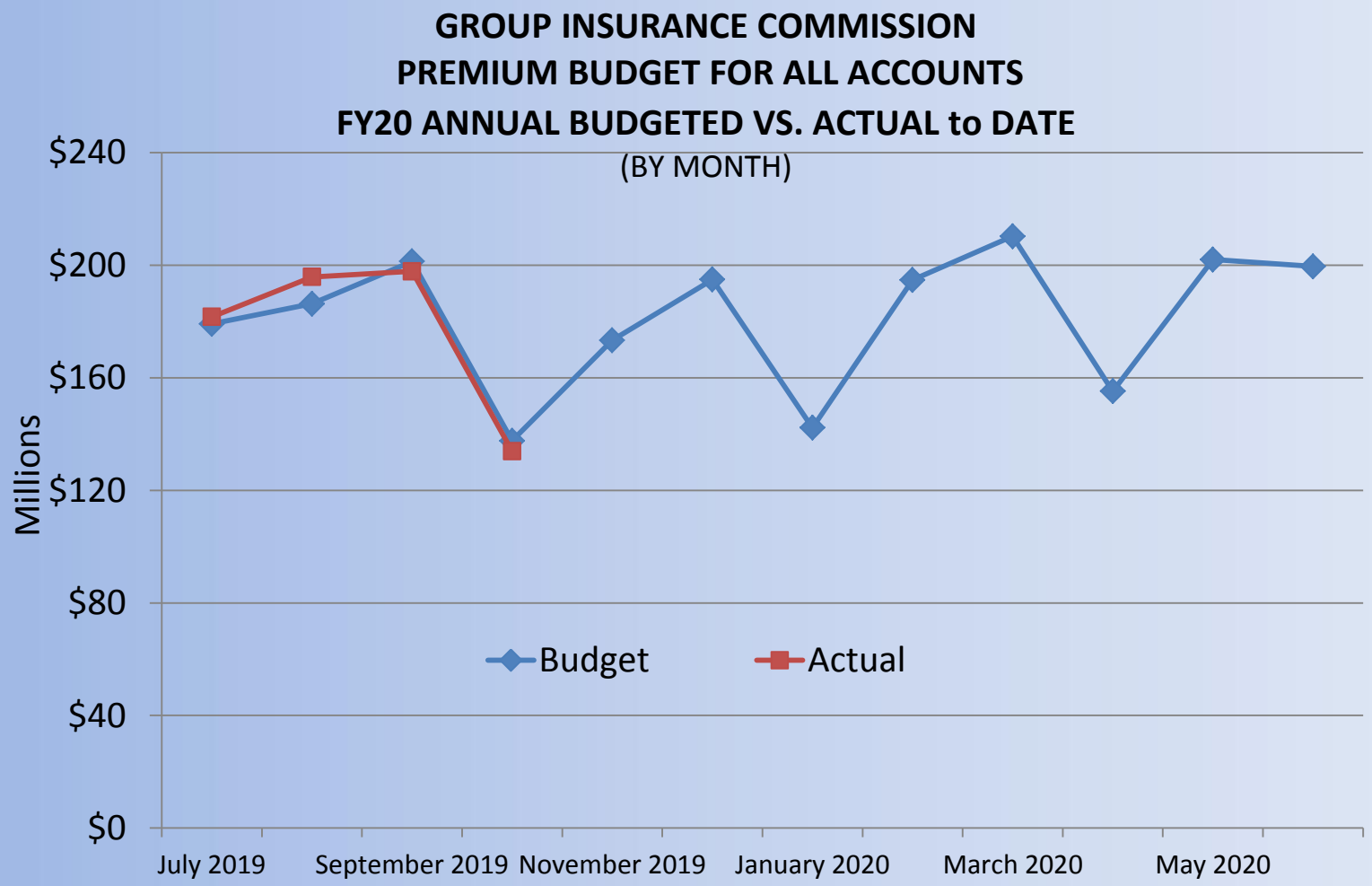
Budget & Financial



IV. CFO Update (INFORM)

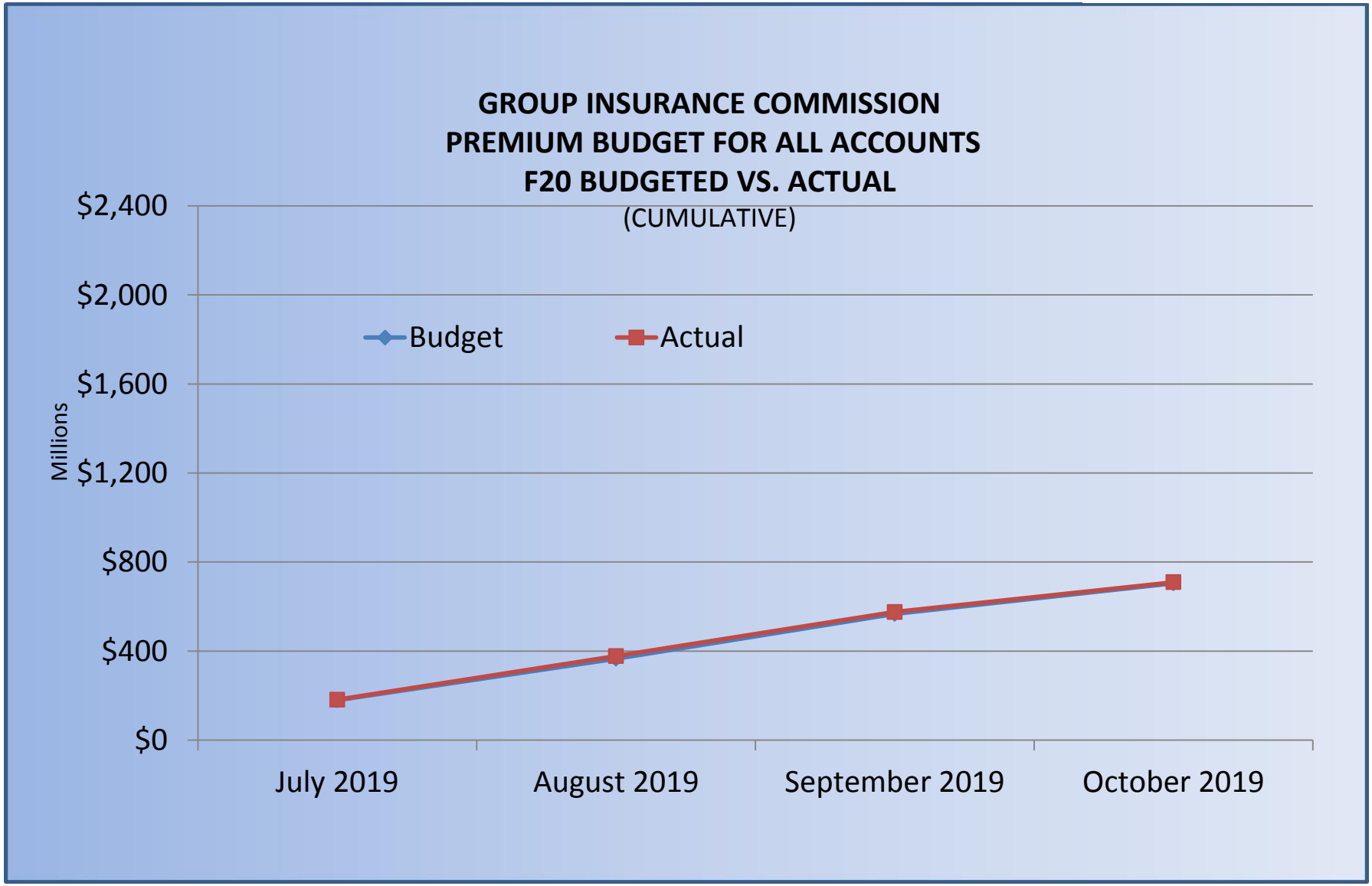
Budget & Financial

Commonwealth of Massachusetts
Group Insurance Commission
Your Benefits Connection



IV. CFO Update (INFORM)

Budget & Financial



IV. CFO Update (INFORM)
Budget & Financial

Commonwealth of Massachusetts
Group Insurance Commission
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FY20 STATE SHARE PREMIUM BUDGET FOR ALL ACCOUNTS AS OF October 31, 2019				
	BUDGET	**EXPENSES**	**Under / (Over) Budget**	**% VAR**
Basic Life & Health Account #1108-5200 & #1599-6152	$701,582,955	$706,304,181	($4,721,226)	-0.7%
Active Dental & Vision Benefits Account #1108-5500	$2,838,637	$2,953,626	($114,989)	-4.1%
Total State Share YTD	**$704,421,592**	**$709,257,806**	**($4,836,214)**	**-0.7%**

- *The majority of the spending is in the accounts that provide basic life and health insurance for state and municipal enrollees*
- *Higher utilization appears to be the driver of the 0.7% unfavorable variance to budget*
- *However a variance at this level is essentially at budget given normal volatility*

V. Contracts & Amendments (INFORM & VOTE)

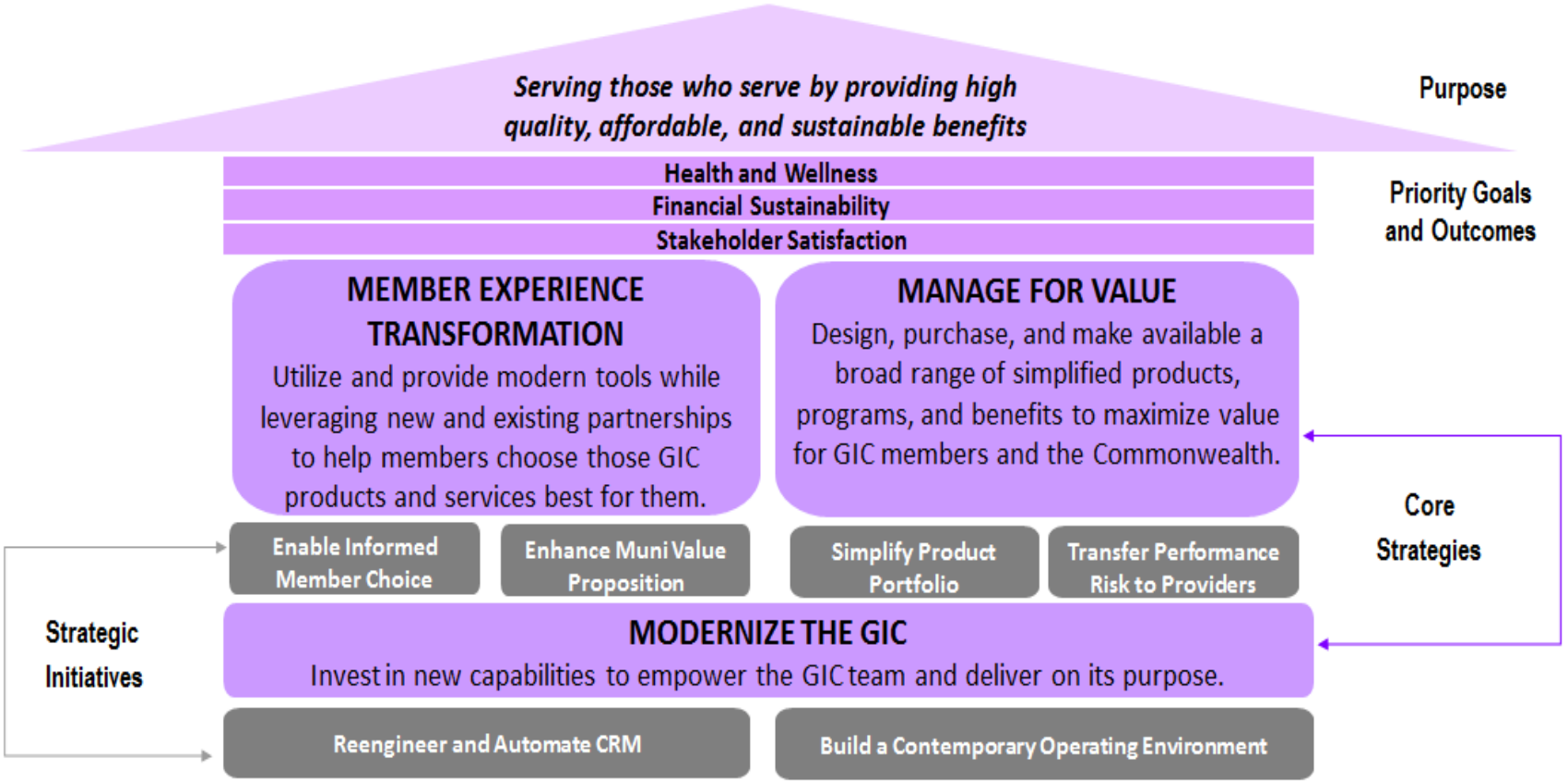
- Audit Recommendations (Vote)
- Life/LTD Consultant Recommendations (Inform)
- Data Warehouse Procurement (Inform)

VI. Modernization Update (INFORM)

THE MISSION

Commonwealth of Massachusetts
Group Insurance Commission
Your Benefits Connection

To fulfill its purpose, GIC follows three core strategies and will implement a modern operational infrastructure to achieve its priority goals and outcomes.



VI. Modernization Update (INFORM)

GIC'S TOP STRATEGIC INITIATIVES

Commonwealth of Massachusetts Group Insurance Commission
Your Benefits Connection

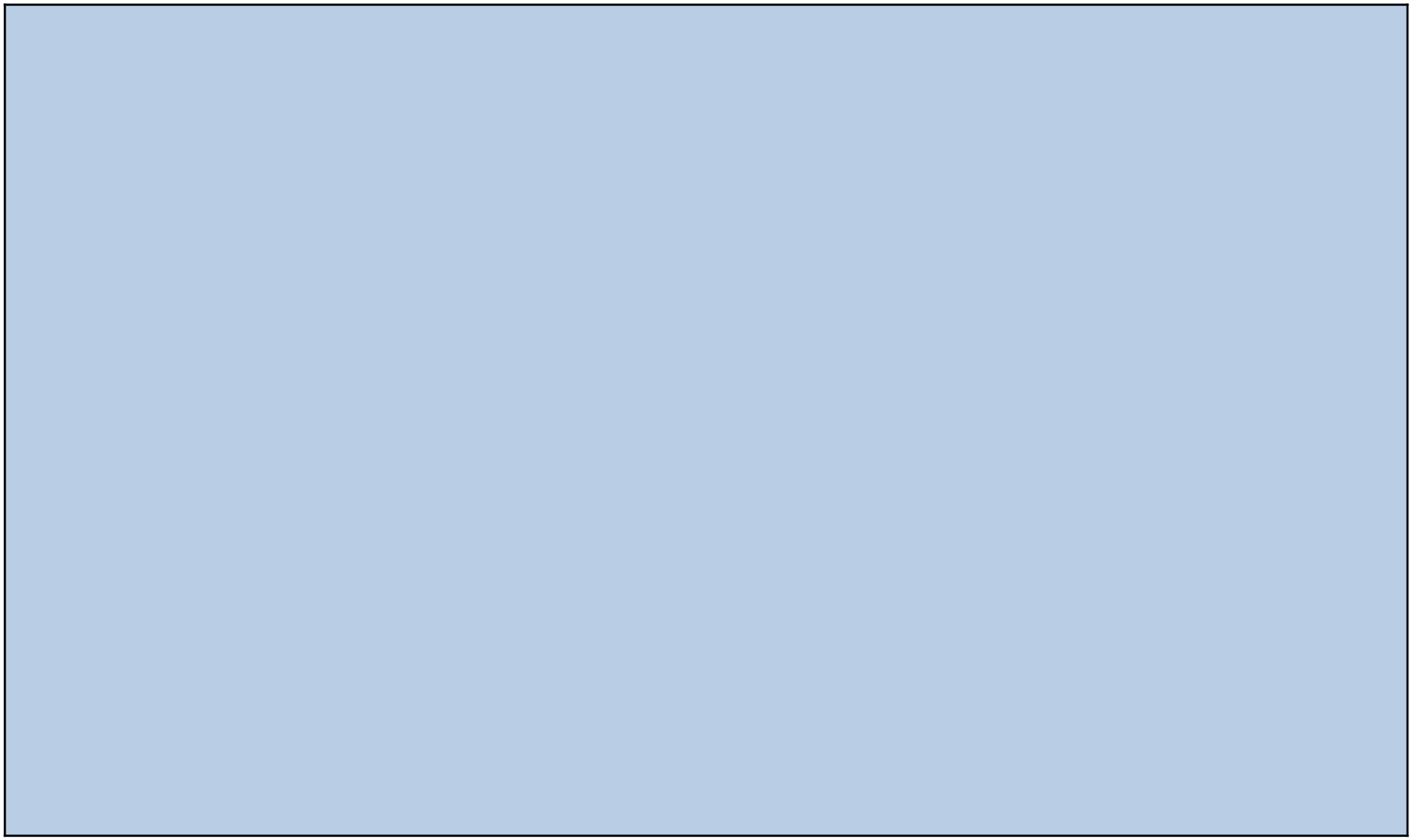
GIC has undertaken six major initiatives to provide members with more flexible benefits, expand membership and revenue, and transform GIC's analytics and service infrastructure.

Strategy	Initiatives	Key Outcomes
Modernize the GIC	**Reengineer and Automate CRM:** Implement workflow automation, business process management, and built-in quality controls to support efficient, next level of member service.	• Provide omni-channel service and support • Automate high-volume business processes • Establish formal performance measurement
	Build a contemporary operating environment: Shore up core capabilities to empower the GIC team to deliver on our mission.	• Invest in required tools and talent to modernize core processes • Focus on analytics, financial management but also vendor management, procurement/sourcing, communications
Member Experience Transformation	**Enable Informed Member Choice:** Convert from passive to active enrollment processes; educate and empower year-round member engagement and informed decision-making by providing targeted, timely information through multiple channels.	• Members understand and make optimal choices for themselves and their families • GIC and vendors able to conduct tailored marketing campaigns • Increased member migration/adoption of high value products/services • Improved member satisfaction • Improved ROI on programs
	Member Segmentation: Provide Enhanced Value Proposition to Distinct Customer Segments, beginning with Municipalities.	• GIC becomes a preferred option for cities and towns • GIC's purchasing power and market influence are maintained • Targeted solutions developed for retirees, OOA, new hires, low income, etc.
Manage for Value	**Simplify the Product Portfolio:** Develop a clear set of differentiated options to serve our broad member demographic and support value purchasing. Move as many determinants and choice points as possible upstream to point of enrollment rather than point of service.	• Offer meaningful and understandable choice of products to members at enrollment • Align cost share gradient with clear, comprehensible choices and trade- offs that members control (e.g. smoking status, PCP & network choice) • Better outcomes at lower costs for members and the Commonwealth
	Foster Competition among and focus improvement efforts on Providers and delivery system(s): Use GIC's leverage to obtain favorable discounts and migrate wherever appropriate to direct, value based contracts and group/population based measures of performance.	• Deploy alternative payment models where these increase value • Direct volume to high-performing providers groups/ACOs • Implement Center of Excellence (COE) programs and bundles • Better outcomes at lower costs for members and the Commonwealth

VI. Modernization Update (INFORM)

- *myGICLink*

VII. In Closing
Other Business



VII. In Closing
Out & About

VII. In Closing

Commonwealth of Massachusetts
Group Insurance Commission
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Wrap Up & Discussion

Commonwealth of Massachusetts
Group Insurance Commission
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APPENDIX

- Commission Members
- GIC Leadership Team
- GIC Goals

Members

Commonwealth of Massachusetts
Group Insurance Commission
Your Benefits Connection

Valerie Sullivan (Public Member), Chair

Bobbi Kaplan (NAGE), Co-Chair

Michael Heffernan, Secretary of Administration and Finance

Gary Anderson, Commissioner of Insurance

Elizabeth Chabot (NAGE)

Adam Chapdelaine (Massachusetts 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)

Melissa Murphy-Rodrigues (Massachusetts Municipal Association)

Anna Sinaiko (Health Economist)

Timothy D. Sullivan (Massachusetts Teachers Association)

Vacant (Public Member)

Commonwealth of Massachusetts
Group Insurance Commission
Your Benefits Connection

GIC Leadership Team

Roberta Herman, M.D., Executive Director

Joan Matsumoto, Chief of Staff

Joseph Healy, Deputy Director

Andrew Stern, General Counsel

James Rust, Chief Fiscal Officer

Brock Veidenheimer, Senior Human Resource Business Partner

John Harney, Chief Information Officer

Paul Murphy, Director of Operations

Linnea Walsh, Director of Marketing and Communications

Mike Berry, Director of Legislative Affairs

Commonwealth of Massachusetts
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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