

**GROUP INSURANCE COMMISSION MEETING**  
**Thursday, September 17, 2020**  
**8:30 A.M. – 10:30 A.M.**

Meeting held remotely through online audio-video platform (ZOOM), accessible through YouTube

**MINUTES OF THE MEETING**

NUMBER: Six Hundred Fifty-four  
DATE: September 17, 2020  
TIME: 8:30 a.m.  
PLACE: The Meeting was held telephonically

**Members Present:**

VALERIE SULLIVAN (Chair, Public Member)  
BOBBI KAPLAN (Vice Chair, NAGE)  
MICHAEL HEFFERNAN (Secretary of ANF) Designee Emily Jue-Williams  
GARY ANDERSON (Commissioner of Insurance) Designee Rebecca Butler  
TAMARA P. DAVIS (Public Member)  
EILEEN P. MCANNENY (Public Member)  
CHRISTINE HAYES CLINARD, ESQ. (Public Member)  
TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)  
JOSEPH GENTILE (AFL-CIO, Public Safety Member)  
ADAM CHAPDELAINE (Town of Arlington--Massachusetts Municipal Association)  
EDWARD T. CHOATE (Public Member)  
JANE EDMONDS (Retiree)  
ANNA SINAIKO, Ph.D. (Health Economist)  
MELISSA MURPHY-RODRIGUES (Town of Sudbury--Massachusetts Municipal Association)  
KEVIN DRAKE (Council 93, AFSCME, AFL-CIO)  
PATRICIA JENNINGS (Public Member)

**Members Absent:**

ELIZABETH CHABOT (NAGE)

Commissioner Drake arrived at 8:55 a.m. and Commissioner Jennings arrived at 9:19 a.m. Commissioner Chapdelaine left the meeting at 10:00 a.m.

## **Call to Order**

The Chair called the Meeting to order at 8:30 a.m. The Chair explained that the meeting was being held via audio and video conferencing, described the video capabilities being used and noted that all Meeting participants could hear and be heard by all other Meeting participants. The Chair noted that the meeting was being made public via simultaneous broadcast through YouTube and that the Meeting conformed with all legal requirements.

### **I. Approval of Minutes**

The Chair stated that the first item on the agenda was approval of the minutes from the May 21, 2020 meeting. There being no comments, the Chair asked for a motion to approve the minutes of the meeting held on May 21, 2020, as presented. The motion was made by the Vice Chair, seconded by Commissioner Clinard. The General Counsel performed a roll call which passed unanimously, 14-0.

### **II. Director's Report**

The Chair invited the Executive Director to provide his report. The Executive Director stated that he missed the face-to-face meetings and looked forward to conducting in-person meetings as soon as the pandemic has ended. He discussed how quiet GIC offices are but noted that certain staff members were in the office today to facilitate this Meeting.

- Human Resources

The Executive Director acknowledged Joan Matsumoto's departure as the GIC's Chief of Staff. He noted four things that make Ms. Matsumoto an extraordinary public servant and leader: she listens to understand; she can make the complex easy to understand; she has a relentless commitment to make operations run efficiently; and she holds a core belief that people who work in the public sector can make a difference. The Executive Director shared his confidence in the workplace transition because of Joan's continued involvement and the fact that the GIC staff has stepped up in her absence.

The Chair highlighted Ms. Matsumoto's accomplishments, especially during her role as Interim Executive Director. She highlighted her accomplishments and offered her congratulations to Ms. Matsumoto in her new role.

Ms. Matsumoto thanked the Chair and the Executive Director and stated that the GIC staff made her job far less difficult than it could have been. She noted that the number of GIC staff members with specialized knowledge and expertise is quite remarkable, and provided examples of working with these staff members. She thanked the staff for the opportunity to work with them. There was a round of applause for Ms. Matsumoto.

- COVID-19

The Executive Director discussed the work environment during the pandemic, noting that the GIC staff will continue to work remotely at least until the end of the calendar year, and that certain functions require an in-office presence to keep the GIC running smoothly.

The Executive Director asked the GIC's Director of Human Resources, Brock Veidenheimer, to discuss the GIC's COVID19 strategies to keep the GIC staff safe. Mr. Veidenheimer stated that the GIC was working in conjunction with other state agencies to implement standards to keep the GIC offices safe. He noted two instances in which the GIC closed the office due to an employee who may have had close contact with someone exposed to COVID-19. He stated that, in both cases, the employees potentially exposed to COVID-19 tested negative. He explained that when the GIC learns that an employee who has visited the office may have had been exposed, the GIC implements protocols which include: closing the office; notifying employees that may have been in the office at the same time as the potentially exposed employee; and deep cleaning the office. He discussed the routine enhanced office cleaning, protocols regarding employees in the office, and contact tracing. He stated that the GIC has asked employees to work from home unless there is a need to be in the office.

The Executive Director stated that the GIC's scheduled move to One Ashburton Place has been accelerated due to the pandemic is expected by to take place by the end of the calendar year. He noted that there is a lot of work that needs to be done to make the move successful and that the move is a very positive change for the GIC.

The Executive Director reminded the Commissioners of steps taken in April to ensure that members did not lose coverage during the pandemic. He explained that standard termination for nonpayment of premiums typically took place after 60 days. The Executive Director explained that extending the timing for termination has concluded as of September and introduced the Director of Operations, Paul Murphy, to explain these changes. Mr. Murphy explained that the temporary cessation of suspensions could not continue indefinitely, noting that over 1,100 members had not paid premiums since April. He stated

that affected members were notified of their need to pay and that the Operations staff processed over 600 reinstatements and continues to work with members to restore coverage. He discussed the fact that the ability to pay by credit card was well received by members and that the GIC is always looking for ways to help its members. The Executive Director thanked the Director of Operations and his team for all their hard work.

- Regulations

The General Counsel described the timeline for changing the GIC's regulations and noted that the GIC had completed several steps of the process and had about a dozen more steps to complete before the proposed changes would be final. He explained efforts to reach out to municipal organizations made by the Director of Legislative Affairs, Mike Berry. The General Counsel noted that the Commission would be asked to approve the final version of the regulation amendments at the December meeting.

- Communications

The Executive Director stated that the GIC has completed the production and distribution of its fiscal year 2019 annual report. He stated that the GIC is quickly transitioning to producing the fiscal year 2020 report and that it should be complete by calendar year end. The Executive Director thanked several members of the Commission for their compliments on the annual report.

The Executive Director stated that other communications initiatives included promotion of the employee assistance program ("EAP") as well as anti-stigma mental health communications. He noted that these are extraordinary stressful times and that the GIC is reminding members that help is available. The Executive Director explained that, contrary to expectations, the GIC has not experienced an increase in demand for EAP during the year but for a brief uptick in March and April, and that the GIC continues to promote the availability of these services.

- Legislative Update

The Executive Director stated that the fiscal year 2021 budget was the primary focus of the legislature, and described challenges that the state could face and the uncertainty surrounding federal aid. He discussed two healthcare bills currently under review which include provisions that directly impact the GIC, such as telehealth coverage standards.

The Vice Chair stated that members contacted her regarding cancellations and how much these members appreciated the ability to pay via credit card. She noted how well done the EAP webinars have been and how they might be better received by GIC members in the future. The Chair stated that the main reason for low utilization of EAP is that it was only recently introduced. A discussion ensued on the increased utilization of telehealth for behavioral health benefits and the consistently low utilization of EAP benefits.

- Calendar

The Executive Director reviewed the calendar on page 5 of the Meeting Materials, discussed the status of GIC initiatives, and stated that an October meeting may be necessary.

### **III. Benefit Procurement and Vendor Management**

The Executive Director referenced slide 6 and stated that he would provide a high level review of health benefits procurement and then turn the presentation over to the Director of Benefit Procurement and Vendor Management, Denise Donnelly, to provide a report on the individual procurements. In reference to page 9 of the Meeting Materials, the Executive Director described the timing of the contracts, the major considerations of these renewals, and the amount of work ahead. In reference to page 10 of the Meeting materials, the Executive Director reviewed a snapshot of the timeline and discussed the detailed planning required for the upcoming procurement. In reference to page 11 of the Meeting materials, the Executive Director noted that cost was a top concern, discussed other metrics impacting members, and stated that the ultimate focus would be on the value, quality and sustainability of care.

In reference to page 12 of the Meeting materials, the Executive Director described question that the GIC will work to understand in order to make the best decisions on behalf of its members. In reference to page 13 of the Meeting materials, he described the challenges of the process, noting that while everyone may not get everything that they want, the GIC's is designing a robust strategy to engage with the Commission, representatives of labor and retirees, and many other stakeholders and experts. In reference to page 14 of the Meeting materials, the Executive Director noted that time is among the greatest limitations to the GIC's engagement strategy. The Chair stated that it was important for the Commission to be engaged in the process at the outset to ensure that expectations have been given appropriate consideration. The Executive Director agreed and stated that the window for engagement shrinks as the formal elements of the procurement process begin.

In reference to page 15 of the Meeting materials, the Executive Director described work related to procurement currently underway. He noted the conjoint survey under development, the search for a health benefit consultant, annual meetings with carriers about to take place, the transition of the data warehouse, and the continued enhancements to Salesforce. In reference to page 16 of the Meeting materials, he discussed the path ahead and noted that he wanted all parties to be confident in the conjoint survey, which will include a pause and reconsideration of the timeline, and discussed how the GIC plans to build upon the procurement's strong foundation to make it an inclusive and robust process.

The Executive Director introduced Ms. Donnelly and asked her to discuss the specific procurements. In reference to page 17 of the Meeting materials, Ms. Donnelly, noted the status of multiple procurements, provided timelines, discussed the impetus for each procurement, and the value each procurement provides.

The Executive Director asked the Commissioners for questions and feedback. A discussion ensued in which the Commissioners brought forward questions and ideas, including: allowing labor to have more input in the process; more specific data concerning the type and source of solicited feedback; the value of feedback from sources with limited understanding of the complexities of health care; displeasure with how the prior survey was conducted; presently scheduled meetings with labor; the time required for labor leaders to educate their constituents on proposed changes; better attempts at educating members; the importance of the GIC as an innovator and market leader; and the fact that health care is a fundamental dependence which heightens the need for the GIC's members to be heard, understood, and valued.

The Chair stated that members are frustrated by the high cost of health care and noted that this concern extended well beyond the GIC. She asked Commissioners to be open minded about change and that the Commissioners should look at what cost savings can be had with limited disruptions to healthcare coverage. The Chair further stated that there might be some temporary discomfort associated with change that would ultimately benefit the members. The Executive Director thanked the Commissioners and noted the value and expertise the Commissioners provide to the GIC.

#### **IV. Contract & Amendments**

- Data Warehouse Contracts

The Executive Director reminded the Commissioners of the discussion concerning the data warehouse contracts at the June meeting and invited the General Counsel to provide a

status report. In reference to pages 20 and 21 of the Meeting materials, the General Counsel reminded the Commissioners that due to unsuccessful contractual negotiations with the initial apparent successful bidder, OptumHealth Care Solutions, LLC (“Optum”), the Commission voted authorize GIC staff to enter into negotiations with the next highest scoring bidder, Milliman Solutions, LLC (“Milliman”), pursuant to the OSD’s best value procurement rules and guidance. The General Counsel described activity since the June meeting, which included: an interim contract with Optum to prevent any lapses in service; a 10% price reduction and a 4% prompt payment discount in the five-year contract with Milliman; and a seamless transition from Optum to Milliman.

- Data Warehouse Vendor Transition/Implementation

The General Counsel introduced the Manger of Analytics, Margaret Anshutz, and asked her to provide her report. Ms. Anshutz discussed the status of the transition and described how Milliman’s superior project management expertise, data aggregation and reporting capabilities, and attention to detail will greatly enhance the GIC’s data analysis. There being no questions, the Chair thanked the General Counsel and Ms. Anshutz for their work on this very important initiative and for the cost reduction achieved.

## **V. CFO Update**

The Executive Director introduced James Rust, the Chief Financial Officer (“CFO”), and asked him to provide his report on the fiscal year 2020 financials, a status on the current fiscal year 2021 budget, and an update on temporary staff.

- Temporary Staff Reporting

The CFO noted that there were currently two temporary employees, which is down from seven at this time last year. He further stated that one temporary employee is transitioning to full-time status and that there are no plans to add temporary staff at this time. There was no discussion.

- FY20 Budget Recap

In reference to page 24, the CFO noted that the Commissioners were familiar with this slide. In reference to page 25 he discussed the seasonal differences in budgeted versus actual expenses. He stated that the GIC was under budget by \$70M due to the pandemic and that, without the pandemic, the GIC was estimated to have been over budget by \$30-50M. In

reference to pages 26 through 28 the CFO discussed the impact of the pandemic on claims and the GIC's budget, trends, and numbers behind the graphs. Commissioner Choate asked if there was any estimate of the total cost attributable to COVID-19. The CFO stated that the GIC is working with the carriers to obtain an exact number and that it is currently estimated at around \$48M, of which \$26M is for the prior fiscal year \$21M for the current fiscal year. The CFO further stated that the GIC tracks and reports this information to the Office of the Comptroller. In response to a request from the Vice Chair, the CFO stated that he would provide claim amounts attributable to COVID-19 in future reports.

- FY21 Budget Status/Federal Relief

The CFO referenced the Willis Towers Watson ("WTW") report, COVID-19 Impact on FY21 Budget, on page 29 of the Meeting materials, and asked Vincent Kane, Senior Director at WTW, to provide the report. In reference to page 30, Mr. Kane described three probable scenarios and their impact on the GIC's fiscal year 2021 budget. He stated that projections show that claims in fiscal year 2021 will be higher than expected. Mr. Kane also stated that when these projections are aggregated over fiscal years 2020 and 2021, the overall claims are expected to be slightly lower than average.

In reference to page 31, Mr. Kane stated that national and local trends show a decrease in claims due to COVID-19, and that the GIC's decrease in claims was in line with decreases in the northeast area of the United States. Mr. Kane stated that the most recent data from plans shows the GIC's COVID claims at \$58M for fiscal year 2020, that WTW estimated \$127M in net displaced claims, and that the return of deferred services would increase during the 2021 fiscal year.

In reference to page 32, Mr. Kane reviewed the trends that may impact the fiscal year 2021 budget, including telehealth, behavioral health, and the impact COVID-19 will have on these trends. In reference to page 33, Mr. Kane explained that the chart represents expectations about changes in utilization due to COVID-19 on a monthly and cumulative basis.

In reference to page 34, Mr. Kane described the baseline assumptions on the three probable scenarios and noted that cost increases were associated with each. He explained that as the severity of the scenarios increased, so did the cost of claims. Mr. Kane also explained that the aggregate impact could be relatively flat when viewed on a two year, FY20-21 basis. He cautioned that this information was provided on an aggregate level and that there is still a great degree of uncertainty surrounding the impact of COVID-19.



The Executive Director stated that the cost of testing and treating COVID-19 has been relatively low and that the cost of deferred care is expected to have a far greater impact on claims. He described how the deferral of care tracks with the length and severity of the pandemic, and how the uncertainty surrounding the pandemic will impact budget modeling. The Chair stated that she was pleased to see that such studies were being conducted and described the benefit of anticipating potential increases in care and the accompanying increases in costs. The Executive Director encouraged the Commissioners and others to review the presentation in more detail at their leisure. He stated the GIC would provide increased reporting on the impact of COVID-19 going forward. The Chair thanked Mr. Kane for his report.

In response to questions from the Commissioners, the Executive Director noted the potential impact that delaying preventative care can have on an individual's health and the costs associated with the potential for additional care. He further noted that the GIC would be watching the impact of missed preventative care closely and would share such data with the Commissioners. He also addressed the potential impact of delayed behavioral health and the out of pocket expenses associated with behavioral health. The Executive Director stated that the GIC would raise these questions when they meet with the carriers over the next two months and that they would report their findings.

## **VI. Other Business/Adjournment**

The Executive Director stated that meetings will continue to be remote in the foreseeable future and that the Commissioners should plan on having an October meeting. He asked the Commissioners to provide suggestions and feedback on meetings and any changes or possible improvements they so desire. The Vice Chair commended the GIC staff for being so successful with the transition to remote work and to thank WTW for their report.

The Chair asked if there was any additional business before the Commissioners, there being none, she adjourned the Meeting at 10:34 a.m.

Respectfully submitted,



Matthew A. Veno  
Executive Director