GIC COMMISSION MEETING
Thursday, February 28, 2019
8:30 A.M. – 10:30A.M.

Charles F. Hurley Building
19 Staniford Street
Boston, MA 02114

MINUTES OF THE MEETING

NUMBER: Six Hundred Forty-three
DATE: February 28, 2019
TIME: 8:30 AM
PLACE: John W. McCormack Building, Conference Rooms 1&2, 21st Floor, 1 Ashburton Place, Boston, MA 02108

Members Present:

VALERIE SULLIVAN (Chair, Public Member)
GARY ANDERSON, (Commissioner of Insurance) Designee Matt Veno
MICHAEL HEFFERNAN (Secretary of ANF) Designee Elizabeth Denniston
ADAM CHAPDELAINE (Town of Arlington--Massachusetts Municipal Association)
EDWARD T. CHOATE (Public Member)
CHRISTINE HAYES CLINARD, ESQ. (Public Member)
TAMARA P. DAVIS (Public Member)
JANE EDMONDS (Retiree)
JOSEPH GENTILE (AFL-CIO, Public Safety Member)
BOBBI KAPLAN (NAGE)
ANNA SINAIKO, Ph.D. (Health Economist)
TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)

Not Present:

Theron R. Bradley (Public Member)
Eileen P. McAnneny (Public Member)
Kevin Drake (Council 93, AFSCME, AFL-CIO)

Vacant Seats:

(Local 5000, SEIU, Nage)

(MMA)

I. Approval of February 7, 2019 Meeting Minutes

The chair called the meeting to order at 8:31am. She asked if everyone had a chance to review the February 7th minutes for approval and inquired if there were any comments. It was noted that an attendance correction had already been given to the General Counsel. The Chair asked for a motion to approve, with the notation on attendance. Commissioner Kaplan made the motion seconded by Commissioner Choate. The motion passed unanimously.

II. Director's Report:

a. Pre RFR Discussion of Audit Vendor Procurement

b. AFL-CIO Letter-response

c. UniCare Behavioral Health - Claim backlog status

The Executive Director reviewed the agenda. She explained that as a first step in setting rates, the Commission needed to approve using certain trust funds that are incorporated into the final rates. The Commission needed to vote on this issue before she could go into the full cost premium recommendations

[Secretary Heffernan arrived at 8:34 a.m.]

The Executive Director then turned the floor over to the Chief Financial Officer, James Rust.

The CFO explained there were several outside firms the GIC contracts with to audit the healthcare plans and health vendors. Currently, they are in the process of drafting the RFR for late March or early April. They anticipate a successful bid for audits for all carriers, claims processing, claims administration management and operations. For the GIC pharmacy benefit manager, the engagement will include an audit of the PBM claims processing service, discount analysis and program administration. For all carriers the audit also examines other means of operational activities performed on behalf of the GIC. In October they presented the results of the prior audit. Currently, the GIC audits each of their health and prescription plans every 2 years as part of the RFR drafting process. They will look at fine tuning the frequency of those and will ask that the auditor to review all aspects and practices to make sure all vendors are up to date and held accountable.

Truvan Analytics was the current auditor and was in the process of auditing HNE, UniCare, Fallon and Beacon for the FY18 period. The audit was progressing according to schedule. They will present the findings later on this fiscal year. This contract was procured in FY15 for 3 yrs with two optional renewals which they had exercised, so they must procure this year.

The CFO invited the Commissioners to direct any audit or procurement questions, discussions, or suggestions to him at his office and he would be happy to assist them.

Commissioner Davis asked a number of questions regarding the scope of the audits. The CFO explained that these were not financial audits. They are performance audits of the health care vendors and pharmacy benefit vendors and included audit claims processing (how claims are processed, processing time, processing of receipts, etc.), system backups, customer service and other items.

The Executive Director then turned the meeting over to Ashley Maagero –Lee, Chief of Staff. The COS explained in mid-January, they received a letter from the AFL-CIO seeking financial information particularly related to the GIC budget. A formal response was submitted along with copies to all signatories. There was substantial interest in the accounting and finance process of the GIC. From a Finance 101 perspective, they sought information regarding what were the various accounts the GIC has, how they worked, how funds moved from plan A to plan B and similar matters. Copies of the letter were given to all the commissioners and the response was included in the Commission materials.

The Executive Director next advised the Commissioners on the status of a major issue presented by members at the listening session with regard to their dissatisfaction with UniCare behavioral health reimbursements. Last week the "Springfield Republican" newspaper had an article relating members' dissatisfaction with the Behavioral Health claims processing backlog at UniCare. She reassured Commissioners that members were able to access behavioral health. Based on data from UniCare, they experienced a peak backup in early January with approximately 30,000 claims. That represented more than 1 ½ months' worth of claims. They usually receive 20,000 claims a month. UniCare was able to decrease the claims inventory in half to roughly 15,000 claims over the course of the month. The GIC expected a full resolution of the back logged claims processing no later than the end of March. The GIC has expressed its extreme disappointment with UniCare. At the GIC's request, UniCare had tripled the staff handling the claims processing at no additional cost to the GIC for the additional resources. The Commission packets contained a letter from UniCare regarding their commitment to resolve this issue. The GIC was staying in daily contact with UniCare including daily calls to keep the GIC up to date on what was happening with the claims processing and whether UniCare was making progress on the backlog. Bob Sorrenti, the Regional Vice President of UniCare had been attending all meetings.

Commissioner Kaplan asked how UniCare was handling the providers who are currently refusing to accept insurance from our members for mental health services. The Executive Director explained this had only happened occasionally and the GIC was currently working with UniCare to resolve the issue. UniCare was willing to do the work necessary to improve or repair their relations with the providers.

Commissioner Kaplan inquired about the UniCare's behavioral health reimbursement rate and if it was satisfactory. The Executive Director discussed that reimbursement rates and network adequacy were both areas of concern for the GIC and that staff was looking into these issues generally. One problem is that a lot of health care providers have not come to the table to make sure mental health services are available. It was important that the GIC understood how its reimbursement rates compare to the rest of the market and where it saw itself in the future. Commissioner Kaplan noted she had heard a number of complaints, both about the reimbursement rates and access, and looked forward to the follow up. The Executive Director emphasized that the immediate concern was with UniCare resolving its claim processing issue. Commissioner Choate asked was it reasonable to expect in May or June to discuss the scope of the reimbursement and access issues. The Executive Director advised June or July would be more reasonable.

Commissioner Veno wanted to underscore what the Executive Director had stated. He noted that these issues were much larger than the GIC, and that there were lots of challenges that the carriers face in getting providers to contract with health plans. He emphasized that the Commonwealth had a higher concentration of behavioral health providers than any other area of the country. He explained many issues can function as a barrier to provider's participation, such as credentialing, administrative duties and such. There was a lot of effort currently being made trying to correct these issues and expand provider participation in plan networks.

There was further discussion of the UniCare payment issue including the genesis of the problem and why it was taking so long to fix. The Executive Director explained UniCare tried to integrate behavioral health into its claims processing system so that members would have one single EOB and everything would accumulate seamlessly. It was aiming for an entirely automated system. However, when it launched the system in July it did not work as expected and payment delays snowballed very rapidly. Additionally, members and providers were accustomed to doing business with Beacon and familiar with its processes. UniCare's forms were different and when not filled in correctly claims were rejected. A number of aggressive steps were taken, but it had still taken a lot longer than the GIC would have liked. The Executive Director stated she does not care if UniCare ever automates, as long as the claims get paid timely and UniCare absorbs the cost for the backlog.

The General Counsel reviewed some of the potential contractual penalties that might apply in this situation including performance metrics on customer service and claims turn around, along with several other performance guarantees that he believed would not be met once he received all the data. Additionally, he noted, UniCare would be paying interest on all claims that were outstanding more than 45 days from the date submitted.

III. Fiscal Year 20 EGRs & RMTs Premium Reserve Allocation

The Executive Director then turned the floor over to the Chief Financial Officer.

The CFO explained that the GIC has historically used funds from the EGR (Elderly Government Retirees) and the RMT (Retired Municipal Teachers) trust accounts to reduce their respective premiums with funds that these populations had paid into these accounts. He noted the requested funds were similar to the previous year's allotments. The CFO noted that the RMT remaining reserve is decreasing; however this group does see a new population every year. The GIC requested to use $13,000 of the $70,000 projected EGR Medicare premium reserve balance and to use $5,000 of the $60,000 projected EGR CIC reserve balance for FY20. On the RMT accounts, the CFO requested to use about $200,000 of the projected $675,000 RMT premium reserve to offset individual, family and Medicare premiums and the $28,000 RMT CIC reserve balance to offset Medicare premiums.

Commissioner Gentile asked what the size of EGR and RMT populations were. He was informed that the EGR population was currently 26. This was made up of EGRs that had retired as of 01/01/1956 and their survivors and dependents. The RMT population was currently about 8,000. The RMT population can potentially increase yearly while the funds available to offset premium do not replenish. At the rate they were being used, it was anticipated that the RMT funds would runout in FY22. The Executive Director stated the EGR (Elderly Government Employees) money belongs to them and the priority is to make sure they get it. For the RMT's there is a different challenge – i.e. avoiding a rate shock; the best way to

do that was to roll out the increase very gradually so members do not experience a high rate increase all at once.

The CFO asked for a vote unless there were any other questions. Commissioner Choate moved to approve the disbursements, seconded by Commissioner Kaplan. The vote passed unanimously.

IV. Fiscal Year 20 Full Cost Premiums Recommendations:

The Executive Director indicated that Tracy Reimer, Assistant Director of Strategic Initiatives would be doing an overview of the full cost premiums of the Medicare and Non-Medicare products and would discuss each premium by product. She also reviewed how rates were developed and how rates translated into member contributions. She explained the deliberate choices the Commission had to vote on. She reminded the Commissioners that there were no changes for products or yearly deductibles; but cautioned that some members might experience a slight increase in co-pays. One major adjustment this year would be that the GIC planned to offer lower co-pays to members receiving some procedures at free standing facilities.

The Executive Director reviewed the premium rate development process. She noted that there would be an overall premium increase for FY20 of 3.3% and a Medicare increase of 1.9%. The non- Medicare products taken together had an aggregate 3.6% increase, which was a very respectable number in terms of premium increases.

In terms of rate dispersion, this year the GIC started from a better place than where it was the prior year when it had rate increases ranging from negative numbers to increases as high as 80%. However, there were a few numbers she wanted to put into context. Assuming no one changed plans, 70 % of enrollees could experience a 3.3% increase or less. 7% of enrollees could experience a rate increase of 8% or greater and a very small number of enrollees, 1.5 %, could see an increase as high as 12.1%. She reminded everyone that, during annual enrollment members can change plans, so there is a possibility these numbers would fluctuate.

Commissioner Kaplan made the point that given the size of the GIC membership, the higher increases could affect more than 30,000 people. This observation led to a discussion about why members do not shop for more affordable plans during annual enrollment. The need for a modernized infrastructure and the GIC's communication strategy was discussed. It was recognized that in a passive enrollment environment, given the complexities of health care and members' aversion to change, people usually didn't want to think about changing their health plan unless they had to. The Executive Director stated she would be speaking to the Commission about what she believes is needed to move towards a more "active" enrollment process.

Commissioner Clinard inquired whether the members see the percent rate increase or just the new premium. The Executive Director explained they would only see the premium for all plans. The products would be arranged by network and design type so similar products are together. This allowed a member to more easily compare the cost of comparable offerings and the cost of moving up or down in coverage. This allowed members to think about what kind of product they may have or need. With the right infrastructure and technology, the Commission could do more to inform and assist members and offer more diverse products. Commissioner Clinard then confirmed her understanding that members would not see how much an individual plan increased only the new premium for each plan.

There was further discussion regarding the pattern of people not switching plans over time and possible approaches to drive a more engaged enrollment process as well as following up on Commissioner Clinard's observation that, in the current presentation of rates, there is nothing that indicates the magnitude of an individual plan's change and that this information could affect a member's choice.

Commissioner Kaplan also expressed that she appreciated the GIC having health fairs for the members. However, she believed many members stayed in the same plan year after year due to lack of education and not having anyone to assist them as many members could not make it to a health fair.

The Chief of Staff agreed. She favored implementing a "man on the street" type of a focus group, updating decision guides and creating new streaming ideas with technology. She indicated that the GIC was brainstorming and thinking of ways to come up with a whole track of new ideas to help improve the enrollment process.

The Executive Director then returned to the agenda and reminded Commissioners that what they would be voting on was the full cost premiums for the plans. In the presentation, they would be shown what that meant for various contribution levels. The Executive Director then handed the floor over to Tracy Reimer, Assistant Director of Strategic Initiatives.

The Assistant Director first reviewed the Medicare FY20 full cost premium rates, noting the very modest overall increase of 1.9%. She also noted that the premium difference between the least expensive and most expensive Medicare Supplement plans was $20.

The Assistant Director then turned to the non-Medicare products noting the aggregate 3.6% increase previously discussed. She then reviewed the specific premiums for each product noting their respective increases year over year. She reminded the Commissioners, in line with the previous discussion, that the member's would be paying more attention to their cost for each product, rather than the full premium or percent increase.

The Assistant Director discussed in more detail the GIC's broad range of network products that include PPO's, PPS's, HMO's and a wide range of other products. Four of the carriers offered up to a 30% premium differential between their broad and limited network products. She explained that these differences were due to limited networks having more efficient providers that are less expensive and attract lower risk members.

Commissioner Kaplan asked for the reasons behind the varying differences in the premium increases. She noted that Fallon Select and Harvard Pilgrim were higher than the others at 6% and 7.6%. The Executive Director explained that much of the disparity reflected differences in the company's provider contracts. These contracts specified the provider network and which providers were considered in-network and who was considered out-of-network. There was a huge difference across carriers in regards to the relative price they were paying for services under these contracts. The General Counsel added that there are several factors that contribute to the premium increases; the provider contracts, the risk profile of the group and how services are utilized under the plan. If overtime, there was a persistent pattern indicating either a contractual issue or a design problem, they would determine if it was something they could address and would come back to the Commission with recommendations.

The Assistant Director noted that in the case of Allways Health, the large rate increase was likely due to contract changes, as it was transitioning from a predominately Medicare carrier to a more full-fledged

commercial carrier. Even though AllWays Health Partners would see a 12% increase, the largest percentage rate that year, its premiums remained smaller than most other plans.

Commissioner Davis commented that the GIC should consider possibly decreasing the number of health plans offered to its members. She stated part of the issue, was that members had too many choices. This could be very difficult even if you were brilliant and able to differentiate between apples and oranges.

The Assistant Director reviewed how the proposed premiums translated to the member cost at different contribution levels. She provided an overview of what percent of the membership fell into each contribution level: 2% of members paid 10% of the premium; 8% paid 15%; 50% paid 20%; and 40% paid 25%. She presented what the 25% member share was for each product, as that percentage represented the most anyone would pay for these plans. For that group, members would see increases for the individual plans ranging from $0-$16.55 and for the family plans the increase would range from $0-$45.22.

The Chair moved for a motion to approve the recommended rates. A motion to approve the rates was made by Commissioner Choate, seconded by Designee Matt Veno. The motion passed 12-1, with Commissioner Kaplan opposing.

V. Municipal Administrative Fee

The Executive Director turned the floor over to Jim Rust, Chief Financial Officer. The CFO explained he would be asking for a vote on the FY20 Municipal Administrative Fee. The proposed fee was the same as it had been for FY19 at 3.5%. He asked the Commission to let the Administrative Fee remain the same for FY20. The Chair asked if the fee was the same in prior years, as well as last year. The CFO stated it had remained the same for a number of years.

The Executive Director wanted to make sure that everyone understood that the Administrative fee, was a fee the municipalities pay to the GIC to administer their program. By statute, the GIC could not charge more than 1% of the cost of total premiums for the political subdivision. Currently, the fee was only 0.35%. Each year there is a line item in the budget that caps how much the GIC can spend from the collected administrative fees, regardless of how much it collects. Accordingly, the GIC tries to set the fee close to the spending authority.

The Chair asked for a motion to vote on keeping the current municipalities' administrative fee at .35%. Commissioner Kaplan moved to set the administration fee at .35%, seconded by Commissioner Choate. The motion passed unanimously.

VI. Closing: Out & About, Misc. Updates, Wrap-Up & Discussion & Other Business

The Executive Director asked if there was any other business to be discussed at this meeting. The Chair noted there would not be Governance meeting following the meeting. She mentioned some topics under discussion by the Governance subcommittee, one of which was remote participation. She noted that the Governance Committee would be bringing this topic to the next Commission meeting. This was something everyone may want to think about. Some commissioners felt strongly, that when you make a commitment to be a Commissioner; you should be responsible and honor that commitment to be

present at every commission meeting. Others had a different view as sometimes circumstances do not allow one to always be present at the Commission meetings, such as a delayed commute, illnesses or scheduling conflicts. The Chair asked the Commissioners to come to the next meeting with any thoughts, concerns, questions or ideas in regards to the remote participation. She realized that if people are sick, you do not want them present in the meeting; they need to be respectful to everyone's conditions.

Commissioner Edmonds asked what would have been the Commissions policy in regards to holding the meeting and attendance if today's weather had resulted in a blizzard. The General Counsel stated that the Commission always needs a quorum in the room before anyone could remotely participate and noted that the applicable open meeting regulations set specific criteria for its use. Most likely, if the weather had been really bad and several Commissioners could not make it to meet the quorum, the meeting would have been cancelled and postponed to a later date.

The Chair informed everyone the General Counsel would provide them with the open meetings law requirements and the rules that apply. The Commissioners can debate and discuss the issue of remote participation at that time.

Commissioner Kaplan added that there may be no value in remote participation and that she takes the appointment as GIC Commissioner seriously. It was a very important job and Commissioners represent the people and are responsible for those who cannot speak for themselves. The Commission has only 10 meetings a year. If that was something one cannot make a commitment to then they may want to reconsider their appointment to the board. It would be very difficult to be on a conference call and to be able to discern what people are thinking. The duties of the Commissioners are very important. It was dealing with people's health insurance. It was a huge commitment to represent and stand in as an advocate for state and retired employees that cannot speak for themselves.

The Chair advised she would appreciate if all of the thoughts and concerns were saved for the next meeting.

The Executive Director inquired if there were any other issues the Commissioners would like to express or discuss. She also wanted to give Commissioner Kaplan the opportunity, to voice any other concerns she may have had given her opposition to the rates. Commissioner Kaplan stated any increase was too great, that even if it's only $20, it was still a huge increase for members as their salaries have not increased. The Executive Director stated she wanted to clarify Commissioner Kaplan's concerns and asked if she thought the increases in premiums were too high? Commissioner Kaplan stated "yes"

The Chair asked for a motion to adjourn which was made by Commissioner Choate and seconded by Commissioner Kaplan. The motion passed unanimously and the meeting adjourned at 10:07am.

Respectfully submitted,

Roberta Herman, M.D.
Executive Director

APPENDIX A

Materials Distributed at the February 28, 2019 Meeting

1. February 28, 2019 Commission Meeting Minutes
2. Commission Meeting Package – February 28, 2019