

GIC COMMISSION MEETING
Thursday, February 7, 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-two
DATE: February 7, 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)
THERON R. BRADLEY (Public Member)
EDWARD T. CHOATE (Public Member)
TAMARA P. DAVIS (Public Member)
JANE EDMONDS (Retiree)
JOSEPH GENTILE (AFL-CIO, Public Safety Member)
BOBBI KAPLAN (NAGE)
EILEEN P. MCANNENY (Public Member)
ANNA SINAIKO, Ph.D. (Health Economist)
TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)

Not Present:

Christine Hayes Clinard, ESQ. (Public Member)

Vacant Seats:

(Local 5000, SEIU, Nage)

(MMA)

I. Approval of January 17, 2019 Meeting Minutes (VOTE)

The Chair called the meeting to order at 8:35am. The Chair asked if anyone had a chance to read the minutes and if there were any questions or comments about the minutes from January 17, 2019. Hearing none, the Chair then asked for a motion to approve the minutes. Commissioner Kaplan moved to approve and Commissioner Sullivan seconded the motion which was unanimously approved.

The Chair then turned the meeting over to the Executive Director for her report.

II. Director's Report**1. Public Listening Sessions Recap & Exec Summary**

The Executive Director reviewed the agenda. She indicated that she would discuss feedback and an overview from the public listening sessions. There would be a discussion on the benefit design and recommendations, along with a presentation on rates. There would also be an opportunity to vote on dental & vision rates for next year and a presentation on the open enrollment process and formats.

She advised there was no regular business for the day's agenda except for the benefit design recommendations and open enrollment process. From there, she would move on to discuss any other business and then she would give The Chair and Commissioner Davis the chance to discuss the governance process.

[Commissioner McAnney arrived 8:33 am]

[Commissioner Sinaiko arrived at 8:34am]

The Executive Director began with an overview of the listening sessions along with an animated slide that showed attendance and locations in cities of Boston, Worcester and Springfield. Two more sessions in Lawrence and Cape Cod were also added for more attendees.

The Executive Director thanked the Commissioners that were able to attend; especially those Commissioners that were gracious enough to launch the discussions at the listening sessions. She stated having the Commissioners there presented a nice tone in opening the discussion. Major concerns that came up in several sessions were questions on benefits. Some specific concerns were the scarcity of in-network behavioral health providers, access issues with in

concerns were the scarcity of in-network behavioral health providers, access issues with in network providers and the way the system is constructed with a pay as you go approach to services.

[Commissioner Drake arrived 8:35am]

She explained that UniCare did have some issues transitioning and taking on payments for providers; however, much of the back log has been dealt with now and UniCare is continuing to work to streamline and automate the system. Commissioner Kaplan stated she had a concern that a number of mental health providers may not participate and decline being covered by insurance as the contractual payment amount is too low.

The Executive Director agreed and stated Commissioner Kaplan was correct, Medicaid did recently adjust contractual rates and some behavioral health rates for GIC members were below Medicaid rates. She indicated there can be up to 2 year delay for rates to catch up. She agreed that it is a problem that behavioral health rates are compensated at a lower rate than other types of care. However, this is not something the GIC can correct on its own; it is much bigger than the GIC.

Commissioner McAnneny asked what drives the rates and if it is a structural issue that causes the rates to increase or decrease or is it due to the lack of providers?

The Executive Director explained the demand for services in the state of Massachusetts has both negative and positive consequences, as it allows providers within the community more freedom to command the pricing. The market has enough demand to support this and we see a pattern of providers being able to fill up their schedule through private pay. There are currently no rules, regulations or requirements in regards to a provider being able to do this. She explained this issue will continue to be a challenge unless the healthcare market can find a better way to address the issue and be able to monitor the situation.

Next the Executive Director noted they saw an interesting trend in concerns with pharmacy benefits. The majority of the vendor experience starts with what happens at the pharmacy counter. Some examples she gave is when members go to get their prescriptions filled and what is said to the member before the prescription is refilled. A challenge for the member is to make a distinction between what they are told or experiencing at the retail chain and the vendor paying the claim. Another concern they heard frequently from members, was the challenges they face being in the middle of the supply chain. Changes in the prescription formularies every year can be difficult for members trying to understand the plan.

Commissioner Choate asked if the majority of prescriptions were being filled at pharmacies such as CVS or Walmart. He asked if the pharmacy benefit management plan selects who the retail distribution will be going through and does the GIC have an in house pharmacy benefit management since we use Express Scripts?

The Executive Director explained that the pharmacy benefit management contract is very broad and only restricts what pharmacy does 90 day fills at retail. She has thought about whether the GIC has any way to impact the retail organizations or methods to monitor members' experiences with their insurance plan. Currently there is no constructive way to monitor.

The Chair advised that one thing that maybe the GIC could do in regards to advocating for the members is to ask the pharmacies what they are doing to provide positive member relationships. Possibly the GIC could use their influence and standing in the health care community as leverage with retail pharmacies. The GIC should have the right to call retail pharmacies and demand better services.

The Executive Director agreed with the Chair that it would be a good idea to see if the GIC could advocate for the members. This is a question that has come up before but seems to be rather complicated and warrants further discussion.

In general, they received a lot of feedback from the listening sessions that members felt out of control and do not understand their benefits, the plans, the difference in rates and payments and why they still have to pay money out of pocket. For example members had a number of questions regarding benefits, such as: What are their benefits? Where can they be used? What are the changes this year? What are the rules and explanations of tiering and what does this mean for their benefits for the year? Some members felt tiering was unfair and that members should pay the same copay regardless of the site of services because not all members might be able to take advantage of a lower cost facility such as an ambulatory care or free standing center.

[ANF Designee, Elizabeth Denniston arrived at 8:50am]

The Executive Director explained that there seemed to be a lot of emotion due to a sense of financial burden and a loss of control. Members expressed their concerns that health care costs were rising faster than their wages. From their point of view, even a minor increase is not good for their finances. She explained it is the GIC's job to put the cost of health care in context for the members and rising health care costs are a national and international challenge. Even though the GIC is happy with the 3.3 % increase, and it is a fabulous outcome from the market point of view, the members still see it as a premium increase and a financial burden. The GIC is focused on these issues and it is important to remember that 2 years ago members had a co-pay of \$90 that we reduced in response to these concerns.

The Executive Director explained that the budgeting for the GIC is still very hard for the members to understand. There was a lot of confusion regarding our past reporting of a surplus, which referred to money not spent from the GIC's appropriation and never held by the GIC versus funds in the employee premium account that pays the employees share of monthly claims. Claims payments from that account are typically around 50 million dollars a month, so a seeming "surplus" of 20 million can be gone in less than 2 weeks by paying claims. This concept however is very confusing to the public.

Members were also requesting different options beside individual and family plans and our current portfolio of products. There is a real interest in adding high deductible plans and plans with lower out-of-pocket cost in the mix. Concerns were expressed regarding provider access with members noting that some areas may be considered geographical deserts as it may be harder to access certain services in different areas. However there was a very positive testimonial from a member in Springfield regarding his family's experience with utilizing a Center of Excellence surgical program in Boston. He received terrific services, including travel needs and needs for his family.

Members want to understand more of what the GIC is doing and they are currently trying to find ongoing ways to do this. Some ways the GIC will honor is by producing more accessible annual reports, out of pocket reports and more generally upgrading communications related to our programs. The GIC is making a positive effort to listen to the members and rebuild their trust in the agency.

The Executive Director then handed the floor over to the Chief of Staff.

The Chief of Staff noted that atmosphere at the listening sessions went from concern to thankful in many instances. She expressed that the listening sessions were not only good for the public but also good for the GIC staff, as it allowed for them to see the human element of what the GIC really does. She noted that there was a lot of concern over behavioral health provider payment issues and there seemed to be a lot of misinformation amongst the members, for example concerns over carrier changes and benefit changes.

The Chief of Staff explained a major concern we heard from members was an interest in digital and technical services, including live streaming, webinars and videos online. We are currently taking steps to provide digital services to the members including online services, mobile services and social media. We are hoping to have some options in place sooner rather than later.

Commissioner Choate asked if there was the ability to communicate with the members via email. There was discussion regarding efforts to collect members email addresses, new use of Constant Contact and continuing efforts to improve our ability to use digital channels to reach members.

There was further commenting by Commissioners who attended various listening sessions regarding members concerns and compliments to staff on how they listened and paid attention to everyone's concerns. Additionally it was noted that there seemed to be a lot of concern and frustration with the health care system. Commissioner McAnney advised that the listening sessions provided an opportunity to discuss and explain "the why." It gave them the opportunity to explain what it is the GIC does and how. Majority of the conversations were focused on cost and it was really important to have the members understand the context of the GIC benefits. The GIC benefits are more generous and every opportunity they have to express

to the members the broader context of the plan will help them to understand what the plan is and why it operates the way it does.

Commissioner Gentile stated he wanted to add that the GIC staff did a good job with handling the crowd. He expressed the main concern he heard at the Springfield listening session, was that members wanted a better plan for themselves and expressed several options on why they felt the plans offered through the GIC should be cheaper. He stated he did hear a lot of positive comments and Commissioner Sullivan agreed with this. Commissioner Gentile also noted that at the Springfield sessions there seemed to be a lot of concern regarding health care affordability and difficulty understanding premiums. He commended the GIC staff in that they did take steps to address the affordability issue, but he felt it was still hard for the members to comprehend. He suggested that maybe the GIC make an attempt to simplify the sessions in the future to help people understand the health care system. Commissioner Gentile expressed members do not understand how the healthcare system really works and this leads to frustration and difficulty, which makes it hard for them to trust. He then expressed gratitude and commended the Executive Director and her staff for bringing clarity to the members and the public. This is an extremely hard process and he complimented the GIC staff for attempting to do so.

The Chair inquired if there were any other comments. There were no comments, she thanked the Commissioners and the GIC staff for their comments and turned the floor back over to The Executive Director.

III. FY20 Benefit Design and Recommendations

The Executive Director next recapped material presented in the January 17, 2019 Commission Meeting.

She reviewed the recommendation that the Commissioners would need to vote on regarding ambulatory surgery. The Executive Director noted that the recommendation is that all carriers continue to maintain a \$250 co-pay for hospital-based outpatient service, and offer a \$150 co-pay for a free standing facility. She advised everyone to keep in mind that UniCare already has tiering in place for these services and they offer a lower co-pay of \$0 after the deductible with a free standing facility. She advised that the proposed new tiering of outpatient hospital facilities and freestanding facilities would result in a \$1.2 million dollar budget decrease.

The Executive Director explained that in provider tiering, the GIC wanted to do the best they could to minimize member impact. The GIC wanted to be aligned with the market and wanted their approach to make sense. The GIC started tiering specialist based on cost and quality in 2003. Two years ago in 2017, a transition began from individual to group based tiering with Tufts and Harvard Pilgrim. This methodology is increasingly standard and practiced throughout the market.

The Executive Director explained that the impact analysis can be somewhat difficult to explain as in prior years the analysis has focused on the providers' point of view and not so much on members. It is somewhat hard to evaluate changes in tiering from year to year as it has not been reviewed or analyzed in the past. Best efforts to estimate suggest tiering methodology changes will have small net impacts on members, with approximately 50,000 members likely to experience a co-pay reduction and 21,000 to experience a co-pay increase; the majority of members will experience no impact at all. The GIC is anticipating in the long run, the majority of the members will experience fewer changes year after year.

[Commissioner Heffernan arrived at 9:22am and replaced Designee Denniston]

The Executive Director noted that in moving to a group based design a number of plans will move from three to two tiers in-network reducing the highest in-network copay to \$60. This change in provider tiering would add 2 million in expense for the next year and, with the ambulatory surgery care tiering 1.2 million reduction, has only minimal impact on the overall rates which are projected to be a 3.3% increase from FY20.

Commissioner McAnneny asked how provider tiering would add an expense to the GIC budget. The Executive Director explained that the maximum co-pay would go from \$75 to \$60, this is a cost that will be shifting to the state. Commissioner McAnneny stated that is a 2 million dollar investment in favor of the members so our members would benefit. The Executive Director confirmed that that was correct.

The Executive Director then asked if Jeff Levin-Scherz, from WTW had anything to add.

Dr. Levin-Scherz, from WTW explained that the market place commercial trends are around 6% and they had projected preliminary pricing would be around 5-7%. Dr. Levin-Scherz explained that the current aggregate projection (3.3%) for the GIC book is substantially better. He also reminded the Commissioners that when we review rates at the next meeting some increases will be under 3.3% and others will be over 3.3%.

The Chair asked if the 3.3% increase was an indication if the GIC has leveraged its clout. Dr. Levin-Scherz explained that the projections were a mix of both a favorable result for the FY18 plan and that things done historically have contributed to a good experience. Overall there have been favorable results that led to the 3.3% increase.

The Executive Director asked for confirmation that the favorable projection is largely driven by favorable projections for the pharmacy costs. The pharmacy benefit management contract has forecasted large savings and is contributing to the 3.3%.

The Executive Director asked for a motion to vote to approve the recommendation on tiering the ambulatory care surgery centers, with \$150 co pay for freestanding and the current \$250 co pay for hospitals. Commissioner Heffernan moved to accept the recommendation seconded by Designee Venno. The motion passed unanimously.

The Executive Director then handed the floor over to Tracey Reimer, the Assistant Director of Strategic Initiatives.

Dental & Vision Rates

Ms. Reimer reviewed the vision and dental rates for FY20. The GIC offers dental and vision benefits in a combined package for active members and retirees. The active dental and vision plans are not as highly subscribed as the retirees because many active members have the opportunity to receive these benefits through the union. Ms. Reimer informed the Commissioners that Municipalities have the option to join the retiree plan and 13 have done so. The GIC has had the MetLife Dental plan since 2017. Members have given the plan, a really high rating of satisfaction. The active plan has approximately 22,000 members and the retired plan has about 132,960 members.

Ms. Reimer reminded the Commissioners that the GIC offers Vision and Dental for active employees and Dental only for retirees. The Dentals plans are through MetLife and the Vision is through Davis Vision. The active member plan is a fully insured plan and the retiree plan, requires members to pay all.

The rates for the Dental plans were included in the 2017 procurement with MetLife, so no vote was needed. The 2017 procurement included a rate increase of 1% for FY2020 for the self-insured plan (.30 for the individual member plan and .72 for the family plan.) The fully-insured active member plan will have a 3% increase for FY2020.

The Davis Vision plan is self-insured and only available to active members. The GIC is asking for a vote on The Vision FY20 rates, even though those rates were encompassed in the contract amendment approved in January. As a reminder, the Davis Vision contract will end June 30, 2021. Davis Vision committed to holding prices at the FY19 rates through FY21, which is great for the members as they get their prices locked in with no threat of an increase for the next 2 years.

Commissioner Kaplan asked if there was a vision plan for retiree members. Ms. Reimer explained there is not a full plan, however there is a discounted plan that retiree members can participate in. Retiree members are able to obtain discounts on physician visits, glasses and eye exams. The GIC publishes an article in the retiree newsletter with savings and a retiree voucher discount plan each month.

The Chair inquired if the GIC had numbers in regards to how many retiree members take advantage of the program. Robyn Olson from Boston Benefit Partners explained that there were currently 6,388 retiree members from the last fiscal year (FY20).

The General Counsel reminded everyone, that the two components of the rates for the dental and vision plans had been previously voted on and approved at the commission meeting on January 17, 2019, through an amendment of the original contract. However, the GIC still needed the Commission to a vote for the combined rate.

The Chair then requested a motion to approve the combined rates. The motion was made by Commissioner Davis, seconded by Commissioner McAnneny and passed unanimously.

The Chair then handed the floor over to the Executive Director.

IV. Annual Open Enrollment

The Executive Director explained that this topic of discussion would be for authority to spend trust funds for open enrollment expenses FY2020.

The Chief of Staff presented a comparison of where we were today and where we plan on going forward. We are looking to offer the best practices for members. In 2018, the GIC offered 13 fairs over 12 locations, which included publications, member questions and inquiries on retirement. We received feedback from the members and some expressed a great appreciation for the material, however they felt the benefit guides were too lengthy. We received a lot of feedback at the listening sessions and there is a real interest in seeing a diversified set of communication options, modern channels and social media. In 2019, we are attempting to create greater options for members. Health fairs will offer more convenient schedules as members expressed that locations and times were not always convenient for them to attend.

The GIC also hopes to offer webinars, live streaming, online and in real time events, which they hope to continue through 2020. We have been thinking of the evolution of content and how in the past, content has been text heavy. In the future the GIC would like to move towards a more graphic style and obtain feedback from the members through an informal man on the street, outside perspective. The Chief of Staff then turned the floor over to Paul Murphy, Director of Operations.

The Director of Operations explained he would be reviewing the terms of the health plan and budget. He thanked the Chief of Staff and advised the Commission this is a busy time of the year for the GIC staff. He noted that Commissioner Choate advised him this was the GIC Super Bowl time of year. The GIC is scheduling 9 health fairs throughout the state. Two of the health fairs will be held on Saturdays, one in Buzzards Bay and another at Salem State University. An offer for a fair was extended to BICO Collaborative, a new education collaborative joining the GIC, however, they preferred not to have their own health fair and will join attend the Wrentham health fair. There will also be a vendor kick off fair, starting March 7, 2019. Additionally, the GIC is planning on 5 Coordinator Training events this year. Last year the training events were very popular and they had 550 attendees at the events throughout the state.

A question was asked if the GIC had given any thought to having Shine Counselors at some of the health benefit fairs, especially for retiree members. Shine counselors offer training on counseling, aging and they also assist at Medicare health fairs. There is a possibility GIC may have leverage as it is partly a state funded agency on aging and the two agencies could possibly form a partnership. The Director of Operations agreed this was certainly an area the GIC could look into. He noted that the State Retirement Board and Social Security usually attend the fairs,

so he does not see why they could not also invite Shine Counselors. He suspected Shine Counselors may already be assisting at some fairs, however it is worth exploring. He knows that one-on-one assistance is very popular with retirees.

The Operations Director then discussed the budget. For FY2019 we are requesting authority to spend up to \$14,025. Last year we were authorized to spend up to \$13,500, however we only spent \$8,079. Funds for the enrollment budget come from the employee trust fund and the GIC is asking for the Commission's approval to spend the funds. The budget is basically used for travel. We will continue the email promotional give-a-way suggested by Commissioner McAnneny last year. It was very popular.

Commissioner Sullivan inquired as to the current balance of the trust fund. The Chief Financial Officer, Jim Rust, explained it was approximately \$2.7 million. Commissioner McAnneny moved to authorize the GIC to spend \$14,025, on the FY19 enrollment budget. The motion was seconded by Commissioner Kaplan and passed unanimously.

The Executive Director advised everyone there was a Governance sub-committee meeting directly after the Commission meeting and they will be discussing the bylaws. The by-laws were drafted by the General Counsel and she was extremely excited by the progress they have made. Commissioner Sullivan and Commissioner Kaplan are involved with several other Commissioners and they will be coming to the Commission in the future to provide recommended bylaws.

Commissioner Davis added that the subcommittee would be drafting a procedural manual, which will include comments regarding communications, meetings and other items outside of the bylaws. She is hoping that by today they will be able to complete the draft of the bylaws. She advised everyone to remember that the bylaws are legal documents and some items are not in there and to please keep that in mind. She advised the Commission that they are always open to communication and feedback and they welcome any ideas the Commissioners may have.

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

The Chair inquired if there were any other business to be discussed. Hearing none, the Chair requested a motion to adjourn which was made by Commissioner Sullivan and seconded by Commissioner Kaplan. The motion passed unanimously, the meeting adjourned at 10:05am.

Respectfully submitted,



Roberta Herman, M.D.,
Executive Director

APPENDIX A

Materials Distributed at the February 7, 2019

1. February 7, 2019 Commission Meeting Minutes
2. Commission Meeting Package- February 7, 2019

