

GROUP INSURANCE COMMISSION MEETING**Thursday, January 16, 2020****8:30 A.M. – 10:30 A.M.**

John W. McCormack Building
1 Ashburton Place
Boston, MA 02108

MINUTES OF THE MEETING

NUMBER: Six Hundred Forty-nine
DATE: January 16, 2020
TIME: 8:30 a.m.
PLACE: John W. McCormack Building, Conference Rooms 1 & 2, 21st Floor,
1 Ashburton Place, Boston, MA 02108

Members:

VALERIE SULLIVAN (Chair, Public Member)
MICHAEL HEFFERNAN (Secretary of ANF) Designee Bill McNamara
GARY ANDERSON (Commissioner of Insurance) Designee Matt Veno
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)
BOBBI KAPLAN (NAGE)
EDWARD T. CHOATE (Public Member)
JANE EDMONDS (Retiree)
ANNA SINAICO, Ph.D. (Health Economist)
MELISSA MURPHY-RODRIGUES (Town of Sudbury--Massachusetts Municipal Association)
PATRICIA JENNINGS (Public Member)

Absent:

KEVIN DRAKE (Council 93, AFSCME, AFL-CIO)

ELIZABETH CHABOT (NAGE)

Designee Matt Veno arrived at 8:32

Comm. Chapdelaine arrived at 8:38

Comm. Edmonds arrived at 8:38

Call to Order

The Chair called the Meeting to order at 8:30 a.m. She welcomed Patricia Jennings, a new Commissioner, who is serving as a Public Member and described Commissioner Jennings' experience in health care. The Chair then asked Commissioner Jennings to provide a brief summary of her professional experience. Commissioner Jennings described her work experience in health care, stated that she was looking forward to being an active participant on the Commission, and hoped to make a positive impact on the GIC and its members.

I. Approval of Minutes

The Chair asked if there were any questions or comments on the December 19, 2019 meeting minutes. Hearing none, the Chair asked for a motion to approve the minutes. The Vice Chair so moved, seconded by Commissioner Gentile, and the motion passed unanimously.

II. Director's Report

The Chair noted that the next order of business was the Director's Report. The Interim Executive Director stated that the departure of Dr. Herman created challenges and a host of new responsibilities as she assumed the role of Interim Executive Director. She thanked the GIC staff for their patience during the transition and informed the Commissioners that the depth of the staff's knowledge and their continued contributions to the betterment of the GIC made the transition less difficult and buoyed her sense of optimism that the GIC can continue to function without any disruptions during this time of transition. The Commissioners acknowledge the statements of the Interim Executive Director with applause.

- Welcome – Patricia Jennings, Public Member

The Interim Executive Director welcomed Commissioner Jennings and noted Commissioner Jennings' prior work on the Massachusetts Autism Commission.

- Calendar

The Interim Executive Director reviewed the calendar of Commission meetings, noted the Commission was in the middle of a four-step process that encompassed the four meetings from December through February where contracts were put before the Commissioners for their review and approval, as were potential rate changes and plan design changes. She noted the timing of the February meetings and reminded the Commissioners that they would be asked to vote on any proposed plan design changes or rate changes in February. The Interim Executive Director explained where the Public Listening Sessions fall in the process and noted that while the GIC has an idea of what changes to expect, the GIC must wait until the Commissioners vote before it can inform its members about any changes in premiums.

The Interim Executive Director discussed the topics to be addressed at, and the vendors that would be attending, the Public Listening Sessions. In a response to a question from the Chair regarding whether a process existed for the GIC to receive member comments, the Interim Executive Director described e-mail communications that went out to members and member coordinators, and the GIC's comment collection process. She stated that an e-mail reminding members and coordinators would be sent, and that it would contain a frequently-asked-questions section that would address the most common comments received to date. The Interim Executive Director explained that these common questions and concerns would also be addressed at the Public Listening Sessions. Commissioner McAnneny asked that the Commissioners be included on future Public Listening Session e-mail correspondence. In response to a question from Commissioner Murphy-Rodrigues about whether technology existed so that members could participate without being physically present or whether recordings would be available after the Public Listening Sessions had concluded, the Interim Executive Director explained, that while the technology existed, there were legal and privacy concerns that prevented the GIC from live-streaming, recording, and rebroadcasting Public Listening Sessions. She did note that the frequently-asked-questions section of the GIC's correspondence to members was a way to answer member's questions without having the member participate in the Public Listening Sessions. The Interim Executive Director stated that the GIC was still looking into the possibility of using technology to broadcast Public Listening Sessions, but that it would not be doing so at the upcoming sessions.

- Legislative Update

The Interim Executive Director then asked General Counsel to give his report on legislative matters. General Counsel provided a legislative update and noted that the Governor's FY 2021 budget would be announced soon. He stated that the Joint Committee on Health Care Financing would be reviewing the Governor's health care bill on January 28th. General Counsel informed the Commissioners that there were a lot of bills circulating in the legislature that could impact health care if they became law and that he would continue to keep them apprised of such legislation.

- Annual Report FY2019

The Interim Executive Director stated that the GIC was currently producing the FY 2019 Annual Report. She noted the production work Linnea Walsh, GIC Director of Communications, was doing in furtherance of the FY 2019 Annual Report, and described the timeline around the report's compilation and publication. In response to a question from the Chair, the Interim Executive Director affirmed that the FY 2019 Annual Report would entirely digital and described how members would be informed of, and could obtain, the report.

- Modernization Update

The Interim Executive Director stated that the GIC was receiving a lot of inquiries from other state agencies on the modernization efforts. She noted that the GIC's rollout of technological updates without disruption to its day-to-day operations was a frequent source of amazement from other agencies. The Interim Executive Director noted that the last wave of agencies would become operational on the new systems within a week. She then explained the benefits of the modernization efforts which included form simplification, faster communication, and a paperless process. The Interim Executive Director stated that she would love the electronic process to become the sole process, but that it would take time for members to become comfortable using technology and going paperless. She stated that presently the process was about one-third electronic and two-thirds paper. She stated further that feedback has been positive from both GIC staff and member coordinators. The Interim Executive Director explained that continued training and drop-in sessions are taking place and that such sessions act as conduit for process improvements. She then gave examples on the positive impacts these process improvements have had on members utilizing the electronic process.

The Chair then asked the Commissioners representing the Massachusetts Municipal Association whether municipalities typically have an electronic process similar to the one the GIC was implementing. Commissioner Chapdelaine responded by stating that it depends on the municipality and noted that Brookline was implementing electronic platforms for employee benefits. Commissioner Murphy-Rodrigues stated that Sudbury was using technology as a way to increase efficiencies by streamlining processes. She stated that technology should be utilized by municipalities as a way to save time and eliminate steps involved with benefits administration. The Vice Chair congratulated the GIC for being at the forefront of modernization among state agencies and lauded the efforts of the Chief Information Officer and the Director of Operations. The Interim Executive Director explained that the accomplishments to date were just one step on a long road to modernization and described modernization efforts that are expected to take place during the year. She noted the strong support the GIC has received from Secretary Heffernan and the Executive Office of Administration and Finance ("ANF") and described how certain process improvements will benefit the GIC's members.

III. Review Preliminary Plan Design

The Interim Executive Director stated that the GIC was about to commence year three on the five-year healthcare contracts and reminded the Commissioners that the five-year contracts are set up with an initial three year commitment and one-year options to renew in years four and five. In reference to page 7 of the Meeting materials, she explained that the GIC will ask the Commissioners to vote on plan design changes in February and noted that there are no changes to active health insurance carriers. The Interim Executive Director noted that there were no changes to Medicare this year and, therefore, there would be no changes to Medicare-based plans. She stated that the GIC would propose changes to behavioral health care coverage under UniCare to more closely align the behavioral health benefit structure with the medical benefit structure. The Interim Executive Director explained UniCare's distinction as an indemnity plan and described the differences between coverage under UniCare versus coverage under other, non-indemnity health care plans. She stated that the end result of this review required changes in behavioral health co-pays and deductibles in the UniCare behavioral health benefits. The Interim Executive Director stated that the GIC would propose maintaining or reducing some co-pays and eliminating some deductibles and coinsurances. She explained that these changes were not going to improve the percentage of behavioral health care providers accepting insurance, but it would make it less expensive for members to visit behavioral health care providers who do.

In response to a question from Commissioner McAnneny, the Interim Executive Director explained that as a state indemnity plan, UniCare has higher premiums than any other GIC health plan, and that, in return for this high premium, members are allowed to see any doctor in the state. She explained further that other health care plans limit coverage to doctors within their network and that utilizing doctors outside a health plan's network creates additional costs for the insured. The Interim Executive Director stated that the proposed changes mean that the GIC is going to cover the decreased cost shares in the UniCare behavioral health plan so that they have minimal adverse impact on members. In response to a question from Designee Veno concerning inpatient and outpatient behavioral health deductibles, the Interim Executive Director discussed UniCare's Behavioral Health network in Massachusetts and the different member cost shares dependent upon whether they see a network provider or out of network provider. The proposal provides a uniform cost share for members being treated in Massachusetts by eliminating the in- and out-of-network distinction. Commissioner Sinaiko stated that such a policy can reduce out-of-pocket costs and can be a positive step towards increased utilization.

The Interim Executive Director stated that covering the cost of deductibles is not a sustainable approach since it is simply a cost shift, in this case from the members to the employer, the Commonwealth. She explained that, while the GIC was taking proactive measures concerning behavioral health coverage under the UniCare plans, the GIC could not continue to do this in the long term or expand this cost-shifting approach to other plans. A discussion ensued where the Interim Executive Director answered multiple questions from the Commissioners and indicated that she would provide an in-depth review of the proposed plan design including the estimated cost shift to the Commonwealth at the February 6th meeting.

In response to questions from Commissioner Choate concerning financial incentives implemented in the prior year to encourage GIC's members to choose outpatient surgery over inpatient surgery, the Interim Executive Director stated that the GIC needed more time to determine the effectiveness of that policy. The General Counsel noted that recent data from the Center for Health Information and Analysis showed a shift from inpatient to outpatient surgery, but with the unfortunate result that some of the shift has been from lower cost inpatient settings to higher cost outpatient settings. A brief discussion ensued.

The Interim Executive Director stated that it was important that everyone understand where the GIC was trending. She explained that, to battle the constant increase in costs, the GIC has attempted to create contractual competition among the GIC's network of providers. She explained further that the GIC was trying to balance value and access. As an

example, the Interim Executive Director explained tiering in which certain hospital copays are \$275 while others are \$1,500. She explained that the goal was not to deny access to hospitals that charge \$1,500, but to provide incentives for members and plans to utilize lower cost hospitals, if available, and discussed the benefits of health plans employing a tiered system to control costs. In response to a question from Commissioner McAnneny, the Interim Executive Director explained that only by having providers compete could the GIC bring about lower costs and better value for members. A discussion ensued among Commissioners about the merits of the proposed changes as well as the potential for negative consequences and the ability for such changes to bring about meaningful cost reduction.

IV. Out of Pocket Report

The Interim Executive Director welcomed Dr. Jeff Levin-Scherz of Willis Towers Watson and asked him to give his follow-up presentation on out-of-pocket costs. Dr. Levin-Scherz explained that his presentation was a follow up to his presentation at the December 19, 2019 meeting. He stated that he would provide a brief overview of the materials presented at the prior meeting and then focus on extraordinary out-of-pocket costs. Dr. Levin-Scherz addressed the question concerning how could members spend over \$5,000 or \$10,000 when those are the out-of-pocket maximums, and stated that it can happen when members utilize out-of-network services or use brand-name pharmaceuticals. He then explained that the out-of-pocket data could not measure pharmaceutical manufacturer coupons and non-payment of out-of-network provider expenses. He explained further that the out-of-pocket costs could be inflated. Dr. Levin-Scherz stated that the data is included because Willis Towers Watson believes this data is important, even with its limitations.

Dr. Levin-Scherz referred to page 10 of the Meeting materials and provided a brief overview of important out-of-pocket cost definitions and noted that this material was covered at the prior meeting. He explained that the GIC had structured its plans to provide for a lower out-of-pocket cost per member. Dr. Levin-Scherz also explained that by being self-insured GIC is able to achieve lower premiums. In reference to page 11 of the Meeting materials, Dr. Levin-Scherz discussed what drives out-of-pocket trends and cited rising costs, claims volatility, and plan design. He explained that the GIC plans were designed have a higher employee premium and lower out-of-pocket costs because such plans protect the most vulnerable people with serious illnesses who will pay less in an environment where the costs are shared by everyone. Dr. Levin-Scherz described how expensive pharmaceuticals and high-cost health care providers can have a profound impact on an individual member's out-of-pocket costs.

Dr. Levin-Scherz referred to page 12 of the Meeting materials and cited the fact that out-of-pocket expenses have increased 25.9% over the six-year period ending in FY2019. He also noted that the GIC-paid health care costs increased 26.7% during the same period and explained how the increase in the number of people the GIC insured contributed to the increase in the amount of out-of-pocket costs reported. In reference to page 13 of the Meeting materials, Dr. Levin-Scherz stated that the average out-of-pocket costs per household were a better measurement than total costs. He noted that out-of-pocket costs and the GIC's costs increased 17.5% and 18.2%, respectively, on a per household basis over the same six-year period. Dr. Levin-Scherz noted that the numbers were very sensitive to certain inputs and explained how a few isolated but expensive treatments could impact the averages.

Dr. Levin-Scherz referred to pages 14 and 15 of the Meeting materials and reviewed out-of-pocket expenses for fiscal years 2018 and 2019. He noted that percentiles are a better reflection of member experience than averages. For GIC members, the fiftieth percentile costs remained unchanged and that the ninetieth and ninety-fifth percentile saw minor increases in 2019. Referring to page 16 of the Meeting materials, Dr. Levin-Scherz discussed the out-of-pocket benchmarks and described the composition of the overall database. Dr. Levin-Scherz stated that an employer typically paid 66% of the overall employee medical costs while the employee paid 33%. He noted that the GIC's cost allocation was the same as the public sector employers in that the employer/Commonwealth paid 70% of costs and the employee/GIC member paid 30%. He noted that the GIC's numbers were driven by the large number of plans available to GIC members, including some high-value plans. He explained further that the GIC plans were designed have a higher employee premium and lower out-of-pocket costs because such plans protect the most vulnerable people with serious illnesses who will pay less in an environment where the costs are shared by everyone. He described how premiums, co-pays and out of pocket costs were interrelated and explained how plan design can impact where the individual sees cost increases. Dr. Levin-Scherz then noted that GIC member premiums had not noticeably increased over the last three years and discussed how plans can absorb the increasing cost of health care and what impact that has on individual members.

Upon concluding the overview of the previously presented materials, Dr. Levin-Scherz paused for questions. In response to a question from the Vice Chair regarding whether the underlying data excludes retirees, the Interim Executive Director stated that the data includes all retirees not eligible for Medicare that are in the active plans. In response to a follow-up question from the Vice Chair, Dr. Levin-Scherz agreed that costs have increased for GIC members but noted the important fact that the cost sharing between the GIC and its

members has not resulted in disproportional increases for members. He noted that this fact is invisible to GIC members, but it was important to note that while it was impossible to keep costs level, it was impressive that cost sharing remained the same. A brief discussion ensued and, at its conclusion, the Chair stated the importance of educating the GIC's members about their plan options to make them feel empowered. She stated that if members understood the plans available to them and understood which plan best fit their particular needs, they would feel better about their coverage.

Dr. Levin-Scherz stated that a tenet of insurance is that healthy people in the insurance pool subsidize the cost of unhealthy people. He brought this up because he recently received a question about whether you could have a plan designed to have no out-of-pocket costs - a premium only plan. He stated that the answer to that question is yes, but noted that such a plan would unduly penalize the healthy members and that the people who choose that plan would be the people who are sick. A plan made up of mostly sick people would result in a plan that had very high premiums and would be largely unaffordable. Dr. Levin-Scherz stated that it is good public policy to spread the risk and spread the cost with both, out-of-pocket costs and premiums. In response to a question from Commissioner Davis about whether pharmacy or health care resulted in the highest out-of-pocket costs, Dr. Levin-Scherz stated that both contributed to the highest out-of-pocket costs. He provided examples of where extraordinary expenses would create out-of-pocket costs in excess of \$5,000 or \$10,000 and he also noted that this was a perfect segue to the next part of his presentation.

- Household OOP over \$5,000

Dr. Levin-Scherz directed the Commissioners' attention to page 18 of the Meeting materials and explained the impact of behavioral health and pharmacy on the number of households that had over \$5,000 of out-of-pocket costs. He stated that roughly 3,200 GIC member households had out-of-pocket expenses in excess of \$5,000 which represented 1.5% of the GIC's households. In response to a question from the Chair about the 92 members who have out-of-pocket expenses in excess of \$10,000, Dr. Levin-Scherz stated that the health plans provide detailed data that was sufficiently detailed for the analysis. He stated that he would discuss the over \$10,000 households in a moment and noted that every household with \$10,000 or more of out-of-pocket expenses had a non-covered service, which typically indicates an administrative error or a billing dispute between the insurance carrier and the health care provider. In response to a question from the Vice Chair, Dr. Levin-Scherz stated that this was inclusive of behavioral health and pharmaceutical expenses. He also noted that the data does not capture members' cash payments for certain services.

Dr. Levin-Scherz referred to page 19 of the Meeting materials and noted that large family size increases the probability of a household's inclusion in the high out-of-pocket cost pool. He stated that high-cost households typically had total costs over \$100,000 and noted that 31% of high cost households had total costs over \$100,000 and 8% of the high-costs households had total costs over \$250,000. Dr. Levin-Scherz discussed drivers of such high costs and explained the impact of utilizing out-of-plan versus in-plan services. In response to a question from Designee Veno regarding whether out-of-pocket services included services received but billed outside of the plan entirely, Dr. Levin-Scherz stated that those would be out-of-pocket costs and suggested that while they were not eligible costs under the plan, it was important to collect this data. He also noted instances where out-of-pocket costs would not be reported. A discussion ensued concerning the definition of out-of-pocket costs and the extent the data provided accurately captures all out-of-pocket costs under those definitions and, at its conclusion, the Chair stated that the GIC should be sympathetic to all costs born by its members.

In reference to page 20 of the Meeting materials, Dr. Levin-Scherz noted the large amount of out-of-network treatment for substance use disorder resulted in a large amount of out-of-pocket cost born by the household. He discussed the breakdown of in-network, out-of-network, and number of households by diagnostic category. Dr. Levin-Scherz stated that pharmacy out-of-pocket expenses were not included in the major diagnostic category breakdown, but referenced page 21 of the Meeting materials and noted that outpatient drug cost was the largest out-of-pocket cost born by members. He also noted that physician care and inpatient hospital costs represented the second and third highest out-of-pocket costs for members, respectively.

- Household OOP over \$10,000

Dr. Levin-Scherz referred to page 23 of the Meeting materials and reiterated the fact that each of these households had some administrative problem concerning non-covered services which resulted in the reporting of a large out of pocket cost. He noted that the good news about these households is that the majority of them do not greatly exceed \$10,000 in out-of-pocket costs. In reference to page 24 of the Meeting materials, Dr. Levin-Scherz stated that 100% of the households with high medical out-of-pocket costs were contacted for care management but none enrolled. He stated that this was not a good sign. In response to questions from Commissioner Clinard concerning member choice to utilize non-covered health care providers or expensive pharmaceuticals, Dr. Levin-Scherz stated that it was hard to pull that information from claims data, but noted that it was worthwhile

data and that he believes such data will be available in several years. He then explained the ongoing evolution of data aggregation in health care and that available data is limited by what data is tracked by insurance providers and health care organizations. A discussion ensued where Dr. Levin-Scherz answered questions from the Vice Chair and Commissioners Edmonds, Choate, and Davis about such topics as personal demographic data, the difficulty in obtaining certain data, the lack of engagement with care management, and the use of pharmacy coupons. Commissioner Sinaiko discussed the value of having the additional data requested by the Commissioners and since such data would allow the Commissioners and the GIC to review high out-of-pocket households and assess cost saving measures by plan. The Chair noted the time and asked Dr. Levin-Scherz to wrap up his report.

- Behavioral Health OOP by Diagnosis and In-patient Facility

In reference to page 28 of the Meeting materials, Dr. Levin-Scherz discussed behavioral health costs by the full GIC membership and noted that the costs were listed by diagnosis and broken down by in-network and out-of-network services.

- Pharmacy OOP by Therapeutic Class

In reference to page 30 of the Meeting materials, Dr. Levin-Scherz discussed pharmacy out-of-pocket costs by therapeutic class. He stated that pharmacy plans with the GIC are generally co-payment plans where members share a higher share of cost for low cost generics. Dr. Levin-Scherz discussed the differences in the percentages of member cost and noted that the large variances are likely based on a very low-cost drug. He gave an example where a member may have to pay \$10 for a prescription that costs \$11 and how that would inflate the out-of-pocket percentage of the total cost born by the member. He also explained that the member may pay a smaller proportion of out of pocket cost but the total cost prescription cost could be much higher. He explained further that members benefit by the GIC's purchasing power and noted that a drug that cost \$11 for GIC members could be \$75 if the individual was not covered by insurance.

- Potential Impact of Legislative Initiatives

In reference to page 30 of the Meeting materials, Dr. Levin-Scherz discussed legislative initiatives to cap a patient's insulin costs without addressing the total cost of the insulin. He provided an example in which increasing insulin costs led Walmart to sell inexpensive over-the-counter insulin that can actually be detrimental to certain classes of diabetes patients as an impetus for such legislation. Dr. Levin-Scherz stated that, under the legislation, the difference will be paid by the insurer which, in the case for GIC members, would be the

Commonwealth of Massachusetts. He explained that the GIC already has a generous pharmacy design for members and that capping a patient's out-of-pocket costs increases the amount the plan has to pay, which, in turn, results in higher premiums. Dr. Levin-Scherz explained that while this type of expense cap is unsustainable, it does send a message to the pharmaceutical industry that charging a ridiculously high price will result in sales volume loss.

Chief Finance Officer Update

The Interim Executive Director introduced the Chief Financial Officer ("CFO") and asked him to provide an update on the budget. The CFO noted that the GIC was half way through the fiscal year and referenced page 35 of the Meeting materials and reviewed expenses payable by the Commonwealth of Massachusetts for all accounts, including health care, life, disability, dental, and administrative expenses for the six month period ended December 31. In reference to page 36 of the Meeting materials, he reviewed the employees' share for all accounts for the same period. In reference to page 37 of the Meeting materials, the CFO reviewed the budgeted claim amounts versus the actual claim amounts for the six months ended December 31. Referring to page 38, he explained that the graph shows the same information from the prior page and shows the projected budget through the 2020 fiscal year ending June 30. In reference to page 39 of the Meeting materials, the CFO described the cumulative budgeted and actual claims and explained that, unlike the monthly claim payments that show large swings in claims, the cumulative data shows better tracking between the projected claims expense versus the actual expense. Referencing page 40 of the Meeting materials, the CFO noted that a 1.2% variance in basic life and health, and a 3.9% variance in active dental and vision benefits, resulted in a 1.3% overage in the budget as of November 30, 2019. He explained that this number represented the percentage that expenses had gone over the projected budget, that the dollar amount was \$13,461,151, and noted that higher utilization was the primary driver of the unfavorable variance. The CFO stated that this number was within tolerance levels and that he would continue to watch this variance for the second half of the fiscal year. Designee McNamara stated that the GIC was in the same position at this point in the prior fiscal year. The CFO agreed and noted the overage was larger in the prior year and that it was a result of under budgeting whereas this year's overage had more to do with unexpected dental expenses. He stated that he would be working closely with ANF to remediate and manage unexpected expenses. In response to a question from Commissioner Choate regarding the ability to accurately project a budget, the CFO stated that the GIC was off in the prior fiscal year because of the difference between appropriations and premiums, whereas this year there is a very close correlation between appropriations and premiums which has led to better tracking. The Interim Executive Director stated that she had confidence in the accuracy of the budget projections.

The CFO explained that there is a lot of seasonal variability and that the numbers could be an anomaly or a trend. In response to a question by Designee Veno concerning the value of reporting variances on the plan level, the CFO stated that he receives such information and that, while some are more in line than others, there was no data to suggest that any particular plan or plans deserved additional scrutiny. In response to a question from the Vice Chair concerning the overage of last year's budget at this time, the CFO stated the amount was roughly \$40M over at mid-year and \$60M at fiscal year-end. In response to a question from the Chair, the CFO stated that he would closely monitor the situation and keep the Commissioners informed about the actual versus budgeted numbers. In response to a question by Commissioner Jennings, the CFO stated that taxpayers bear the risk of expenses exceeding the budget.

V. Contracts & Amendments

- Life/LTD Consultant Contract

The Interim Executive Director asked the General Counsel to provide an update on procurement contracts. The General Counsel stated that, subsequent to the approval of Boston Benefit Partners, L.L.C. as the GIC's life and long-term disability consultant at December's meeting, he had negotiated the contract for the Commissioners' signatures. He then explained the contract's terms including plan design, plan support, negotiated provisions, and forward pricing.

- Data Warehouse Update

The General Counsel stated that the procurement team has met with potential vendors and was moving forward with the selection process. He noted that it was an interesting process and explained the unique aspects of selecting a data warehouse vendor. The General Counsel stated that the procurement team anticipated presenting a recommendation at the next meeting. The Interim Executive Director stated that the data warehouse vendors had been impressed by the depth of the questions presented, and the level of review undertaken, by the GIC. She stated further that the GIC planned to continue this in-depth analysis going forward.

VI. Other Business

- Update on Executive Director Selection Process

The Chair thanked the Interim Executive Director for her continued leadership during this time of transition. She provided an update on the hiring process, noted the people who

volunteered to be her advisors, and reminded the Commissioners of Commissioner Davis' statements from the prior meeting regarding the search for a new executive director. The Chair stated that the recruitment team has done an excellent job to date and she thanked everyone for volunteering their time during the busy holiday season.

The Chair noted that the position was reposted based on the input of the advisory team, that a decision was made to post the position on multiple sites that would invite a diverse pool of candidates, and stated that 70 applications were received to date, of which, several were very strong candidates. She stated that there was never a better time to join the GIC and pointed to the quality of the staff and the promise of the recent initiatives. The Chair stated that interviews would take place in the weeks ahead and that the advisory team was looking for a candidate that would keep the GIC moving forward.

Commissioner Davis stated that rather than be satisfied with just the current applicant pool, the hiring team should proactively recruit two or three candidates that meet or exceed the hiring criteria. The Interim Executive Director stated that Sara Giannandrea, Secretariat and Chief Human Resources Officer, and Joseph "Dan" Clancy, Recruitment Manager, both of ANF, are proactively recruiting C-level executives that meet the GIC's executive director criteria. She invited Ms. Giannandrea and Mr. Clancy to the podium to discuss their role in the hiring process. Ms. Giannandrea stated that the 70 applications include people that she and Mr. Clancy have proactively recruited from such sources as word-of-mouth, professional web sites, and a network of people that ANF human resources keeps in contact with for the purposes of filling high-level positions. Mr. Clancy stated that his role was to supplement the existing efforts of the search team and that he has met with the Chair in order to understand the attributes of the ideal candidate. He discussed the attributes of the potential candidates he contacted and noted that they had different backgrounds but possessed the strong attributes needed to be successful in the executive director role. Mr. Clancy stated that having people with various backgrounds can help the hiring team focus on important attributes and create a more precise idea of the ideal candidate. In response to a question from Commissioner Sullivan about what changes had taken place as a result of input from the Commissioners, Mr. Clancy stated that the changes were based on information provided by individual Commissioners and that most of the changes were based on consistent themes provided by the Chair's recruitment team. The Chair stated that she would provide the updated documents to all Commissioners. The Interim Executive Director stated that the changes that took place were minor and that if any of the changes materially altered the intent of the Commissioners, it would have been brought to the Commissioners' attention.

Adjournment

The Chair asked if there was any additional business before the Commissioners, there being none, she asked for a motion to adjourn, so moved by Commissioner Sinaiko, seconded by Commissioner Davis, which was unanimously approved. The Meeting adjourned at 10:33 AM.

Respectfully submitted,



Joan Matsumoto

Interim Executive Director

