

**GROUP INSURANCE COMMISSION MEETING**  
**Thursday, January 21, 2021**  
**8:30 A.M. – 11:00 A.M.**

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

**MINUTES OF THE MEETING**

NUMBER: Six Hundred Fifty-seven  
DATE: January 21, 2021  
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 Cassandra Roeder  
GARY ANDERSON (Commissioner of Insurance) Designee Rebecca Butler  
ELIZABETH CHABOT (NAGE)  
ADAM CHAPDELAINE (Massachusetts Municipal Association)  
EDWARD T. CHOATE (Public Member)  
CHRISTINE HAYES CLINARD, ESQ. (Public Member)  
TAMARA P. DAVIS (Public Member)  
KEVIN DRAKE (Council 93, AFSCME, AFL-CIO)  
JANE EDMONDS (Retiree)  
JOSEPH GENTILE (AFL-CIO, Public Safety Member)  
PATRICIA JENNINGS (Public Member)  
EILEEN P. MCANNENY (Public Member) departed at 9:30 a.m.  
MELISSA MURPHY-RODRIGUES (Massachusetts Municipal Association)  
TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)  
ANNA SINAIKO, Ph.D. (Health Economist)

**Members Absent:**

None

## **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. She stated that the meeting would run until 11:00 a.m. in order to address all the items on the agenda.

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

The first item on the agenda was approval of the minutes from the December 17, 2020 meeting. The General Counsel noted that there were a few post-distribution edits on page 6 concerning the statements made by Mr. Vincent Kane of Willis Towers Watson (“WTW”) about the variability surrounding potential rate increases. There being no further comments, the Vice Chair made a motion to approve the December 17, 2020 minutes, which seconded by Commissioner Clinard. The motion passed unanimously.

The Chair welcomed Emily Williams, the GIC’s new Chief of Staff, and noted her former role with the Executive Office of Administration & Finance (“ANF”).

### **II. Executive Director’s Report**

- Calendar

The Executive Director discussed how the Meeting’s agenda items fit into the larger FY2021 calendar. In response to a comment from Commissioner Choate at a prior meeting, he stated that the GIC added a box to the FY2021 calendar representing future GIC reports concerning member and stake-holder outreach activities as well as broader workstreams associated with the FY2024 procurement. The Executive Director then discussed the upcoming public information sessions.

- Communications

The Executive Director thanked Linnea Walsh, the GIC’s Director of Marketing and Communications, for her work on member communications and education, and discussed the GIC’s current communication initiatives, including vaccine distribution and the MASS4YOU employee assistance program (“EAP”).

- Legislation

The Executive Director referenced the legislative memo distributed to the Commissioners in advance of the Meeting and discussed the recently approved legislation that removes financial and insurance impediments to telehealth services, eliminates certain practice restrictions for qualified nurses and other health professionals, provides financial assistance to community hospitals, improves coverage for COVID-19 testing and treatment, and enhances patient notification requirements to help avoid surprise billing, among other changes. He discussed the impact such changes will have on the GIC's members.

- Municipalities

The Executive Director noted that there were no notable changes concerning Municipalities since the prior meeting.

- Human Resources

The Executive Director welcomed Ms. Williams to the GIC, discussed her qualifications and her prior participation with the Commission as Designee for ANF Secretary, Michael Heffernan. At the Executive Director's invitation, Ms. Williams greeted the Commissioners and provided a brief summary of her immediate goals in her new role.

The Executive Director then acknowledged the entire GIC staff for their work during an extraordinary time. He explained that the staff was working efficiently despite the challenges of remote work, described how individual contributions are required for the GIC to operate effectively, and discussed the development of a plan to prevent employee burnout.

- Health Benefit Procurement Consultant RFR

The Executive Director discussed the Health Benefit Procurement Consultant RFR, explained the important role this consultant will play in the upcoming procurement, and stated that he would keep the Commissioners informed of the GIC's progress.

- Tufts & Harvard Pilgrim Merger

The Executive Director discussed the upcoming merger of Tufts Health Plan ("Tufts") and Harvard Pilgrim Health Care ("HPHC"). He stated that the GIC is closely monitoring the merger and will continue to keep the Commissioners informed about the merger and its potential impact on the GIC and its members. The Executive Director stated that both Tufts and HPHC reassured the GIC that members will not experience any disruptions in the near term and that the merger will be a seamless transaction. He explained that Tufts and HPHC

will continue to operate as separate organizations in the near term but noted that it is a complex transaction and that the GIC will continue to monitor the merger in order to identify any potential impact to the GIC's members. In response to questions from the Chair, the Executive Director discussed the prospective timing of the merger, potential impacts on members, and likely benefits of the merger. He cautioned that the merger was in its beginning stages and that very little information is presently available concerning how the combined companies might differ from their present organizational and operational structure.

- COVID-19

The Executive Director stated that the GIC's Public Information Unit is handling inquiries regarding access to COVID-19 vaccinations. He explained the work the GIC undertook to ensure that COVID-19 vaccinations would be covered in full for GIC members, that the vaccine will be covered by the pharmacy benefit for active, non-retiree members and that Medicare Part B will cover the vaccine for members on Medicare plans. The Executive director reminded everyone that there would be no co-pays for telehealth services until the end of March. He then described preliminary statistics surrounding members who have received COVID-19 vaccinations. The Executive Director stated that the Governor's COVID-19 Task Force and the COVID-19 Vaccine Advisory Group were the authority on when people can receive vaccinations. He stated that the GIC will collaborate with its partners in government to inform and encourage members to receive vaccinations.

The Executive Director introduced Cameron McBean, Manager of Health and Ancillary Benefits Management, and asked him to discuss recent changes to the GIC's dependent care flexible spending account ("FSA") and healthcare savings account ("HSA") due to COVID-19. Mr. McBean explained the changes that were previously implemented based on the March 27, 2020 Coronavirus Aid, Relief, and Economic Security ("CARES") Act, including the expansion of qualified medical expenses and mid-year election changes. He explained that recently approved Consolidated Appropriations Act, 2021 ("CAA") provides additional temporary relief for members that were unable to spend down their FSA or HSA and may otherwise forfeit their contributions. Mr. McBean described how the CAA allows unused contributions to be carried forward into the next plan year, that grace periods may be extended to 12 months, post-termination reimbursement for FSA plans, and the increased dependent age limit for qualified dependents who would have otherwise become non-qualified during the pandemic. He explained that the GIC was working diligently to both implement and to inform members about these changes. In response to questions from the Commissioners, Mr. McBean explained that the information concerning these changes was

already available on the Benefit Strategies web site, that the GIC will communicate these changes directly to members, and that this information will also be provided to members in the annual enrollment materials. The Executive Director thanked Mr. McBean for his report, thanked the Commissioners for their suggestions, and stated that the GIC would develop a communication plan concerning the changes associated with the recently approved CAA.

- Public Information Sessions

Ms. Erika Scibelli, the GIC's Deputy Executive Director, discussed the GIC's communication efforts concerning the public information sessions and noted that over 1,600 people have registered to attend one of the five scheduled sessions. She encouraged the Commissioners to attend at least one of the public information sessions. The Vice Chair suggested a second mid-day session. In response to questions from the Commissioners, the Executive Director described telephonic attendance limitations, how such limitations should not preclude attendance based on the current number of registrants, and that the sessions would be recorded and posted for subsequent member review.

### **III. COVID-19 Impact on Cost and Utilization**

Mr. Jeff Levin-Scherz, MD, MBA, and health and benefits practice co-leader at WTW addressed the Commission on the data used to model possible impacts COVID-19 may have on healthcare delivery and costs. He stated that the projections assume the pandemic will be largely over in the later part of 2021 and that the potential impacts are likely to be prevalent in 2022. He cautioned that these projections were subject to many variables and that many factors that are simply unknown.

Dr. Levin-Sherz discussed costs associated with severe COVID-19-related illnesses and how the end of the pandemic will end the costs associated with such care. He explained that while the end of the pandemic will have a positive impact, it will likely increase the demand for deferred care. Dr. Levin-Sherz also explained how the immediacy of deferred care could vary by the type of illness or condition and provided examples. He expressed his concern that the lack of diagnoses due to deferred care would likely result in both an increase in claims and the cost of those claims. He explained that mental health has suffered dramatically due to the pandemic and that an increase in diagnoses and utilization are likely, as are out-of-network utilizations due to network capacity issues. Dr. Levin-Sherz described the possibility that the health care system may not be able to handle all the pent-up demand. He also described the potential for the healthcare industry to recoup lost revenue through increased unit costs and how lost revenue could drive provider consolidation. Dr. Levin-Sherz discussed

the increased use of telehealth and virtual care but noted that its limitations may result in more follow-up in-person care.

Referring to page 10 of the Meeting materials, Dr. Levin-Sherz reviewed the implications for current and post-COVID-19 medical costs. He described how it was designed to give people an idea of the current, post-COVID-19, and net changes for certain medical costs. Dr. Levin-Sherz described the trends and plausible post-COVID-19 delivery of healthcare services and noted the variability of costs across different tranches of treatment modalities. He explained that, while these predictions are not a perfect science and that some of the individual projections may not be accurate, in the aggregate, the data suggests the post-pandemic healthcare costs will look very similar to the pre-pandemic costs.

#### **IV. Benefit Procurement & Vendor Management**

- FY22 Plan Design

The Executive Director referenced the projected aggregate rate increase discussion at the December 17, 2020 meeting and stated that in response to the Commission's request at that meeting, the GIC staff is presenting four plan design changes, three of which are designed to mitigate the rate increases. He described how the GIC worked with WTW to create the evaluated changes, how the GIC has traditionally been wary of making plan-design changes during procurement contracts due to the potential disruptive impact on members. The Executive Director stated that three of the evaluated plan design changes would produce higher cost-sharing for members and that, therefore, the GIC is not recommending adoption of these changes at this time. He stated that the GIC is proposing no changes to GIC Medicare supplement plans, though noted that the federal government could make changes to such plans.

The Executive Director stated, however, that the challenges posed by rising premiums need still to be at the forefront of our minds, and that the GIC has a strategic opportunity to address these challenges through the next procurement.

The Executive Director stated that the GIC is not proposing any changes in carriers or products offered. He reviewed how the GIC's offerings compared with industry benchmarks and noted that the GIC was typically aligned benchmarks, but in some categories offered greater benefits. Vincent Kane, Senior Director at WTW, presented details of the four evaluated plan design changes. The Chair requested that Mr. Kane inform the Commissioners about how

each evaluated change might benefit Massachusetts taxpayers and the GIC through reduced premiums.

Mr. Kane explained that the first evaluated plan design change was to provide three no-cost behavioral health telehealth visits per member, per year in order to address increased need in this area. Mr. Kane stated that the second evaluated plan design change was to increase non-Medicare plan emergency room copays from \$100 to \$200 per visit in order to encourage members to seek the appropriate level of care at a more appropriate, lower cost venue. He noted that the copay is waived if the member is admitted and that the fee will move the GIC closer to the benchmark. Mr. Kane stated that the third evaluated change was to increase the family deductible from two times to three times the individual deductible. He stated that the fourth evaluated change, the application of a 90% coinsurance after deductible, was fairly significant because there is currently no coinsurance for in-network services after deductible. Mr. Kane stated that while options two, three, and four were not presently being recommended for approval, they were provided by WTW as options to mitigate projected premium increases for FY22.

Mr. Kane provided an in-depth review of WTW's cost-savings analysis with regard to the evaluated plan changes, described the costs, impact on members, and overall cost savings. The Chair thanked Mr. Kane and everyone at WTW for the report and stated that, while being cognizant of the increased premiums paid by taxpayers and members, these evaluated plan design changes appeared to have a disproportionate impact on the GIC's members without truly addressing the rising cost of healthcare. She also expressed her reservations concerning the timing of implementing such changes, especially given the pandemic. A robust discussion ensued where the Commissioners discussed the member impact of these proposals from a financial and strategic perspective, concerns about these proposals resurfacing in the future, the growing concern of members over healthcare costs; the need to investigate other cost-saving changes; and the need to ascertain member preferences via the conjoint survey and other methods. The Chair thanked her fellow Commissioners for the robust discussion and encouraged members to participate in this discussion through available channels and noted the importance of participating in the conjoint survey.

- Life Insurance and Long-Term Disability Insurance Procurement

The Executive Director described the diligence and conscientiousness of the procurement team, referenced the confidential procurement materials provided to the Commissioners in advance of the Meeting, and asked Mr. McBean to provide his report. Mr. McBean discussed the procurement for life insurance and LTD insurance. He discussed the timeline of the

procurement, noted that the GIC partnered with Boston Benefit Partners, named the current vendors, and reviewed the GIC's considerations for which bidder provided the best overall value to the GIC's members. Mr. McBean described how a single vendor of both life and LTD insurance could benefit the GIC's members and reviewed the impact the recently enacted Massachusetts Paid Family and Medical Leave ("PFML") Act had on the procurement team's strategy.

Mr. McBean stated that the procurement team recommended awarding both life and LTD insurance contracts to MetLife. He then reviewed the increased benefits the GIC's members would receive as a result of awarding these contracts to MetLife including, equal or lower premiums, more robust administrative services, and a more fluid claims administration process. In response to a question from the Vice Chair, Mr. McBean noted that there would be no changes to the 90-day LTD insurance waiting period, and how in some cases the PFML coverage fills the coverage gap created by the waiting period.

The Vice Chair made a motion, seconded by Commissioner Clinard, to approve MetLife as the apparent successful bidders for both Life/Accidental Death and Dismemberment and Long-Term Disability benefits and to move the next highest scoring bidders if contracting is unsuccessful. The motion passed unanimously.

## **V. Out of Pocket Report**

The Chair asked Margaret Anshutz, Manager of Healthcare Analytics, to provide the out-of-pocket ("OOP") report. She explained the key definitions concerning OOP expenses and their applicability and emphasized that plans cap OOP costs for members but only for in-network services. Ms. Anshutz explained the drivers of OOP trends including medical inflation, claims volatility, and plan design changes. She noted that OOP expenses are trending down across the GIC's membership, likely the result of the significant drop in utilization due to the pandemic, as well as GIC measure to waive certain copays. Ms. Anshutz compared the changes in year-over-year average OOP costs by household and by total OOP costs for all GIC members. She then reviewed the distribution of median OOP costs by household in FY19 and FY20, and noted the amounts in the 50<sup>th</sup>, 90<sup>th</sup>, and 95<sup>th</sup> percentiles of the member population.

Ms. Anshutz stated that data showing spending by the employer's cost, subscriber contributions, and member OOP costs, when compared against WTW's aggregate database, public sector database, and GIC membership, show that the GIC member share of total costs is lower than the general benchmark database and on average with the public sector database. She explained that, on average, GIC members pay a greater share of costs in payroll



contributions and a lesser share of costs at the point of service. Ms. Anshutz noted that overall costs were higher in the GIC population and stated that this was likely driven by the higher provider costs in Massachusetts. She explained how this comparison provides context to the GIC's member OOP costs.

Ms. Anshutz stated that the GIC has been researching data to determine the drivers of high OOP costs. She noted that OOP spending greater than \$5,000 is considered high and is an extremely high expense for the average member. Ms. Anshutz referenced slide 41 in the Meeting materials, stated that the heading should be FY20, and further stated that 2,108 member households exceeded \$5,000 of OOP expenses, noting that this represented under one percent of the GIC's 215,319 member households. In response to questions from Commissioner Clinard concerning whether members are knowingly going out-of-network or being alerted to that fact, Ms. Anshutz stated that Express Scripts ("ESI") sends letters to members concerning high pharmacy expenses which include explanations and remedial instructions. She further stated that carriers will reach out to members to perform care management for medical care expenses. Ms. Anshutz also described the instances where members may knowingly seek out-of-network services.

Ms. Anshutz discussed the drivers of high OOP costs which included a larger than average member family size and pharmacy spending. She also reviewed the number of households with OOP costs over \$100,000 and over \$250,000 in FY20, and the average amount paid per high OOP households. Ms. Anshutz provided OOP costs by diagnostic category and differentiated costs by in-services and out of network providers. She described the impact the pandemic was having on utilization by category and noted a concern that some members may not be obtaining needed care. Ms. Anshutz then provided OOP costs by type of service and differentiated costs by in-network and out-of-network providers. In response to questions from the Vice Chair, Ms. Anshutz and Ms. Donnelley explained that ESI has reported that members have been largely non-responsive to their outreach efforts, that this may be due to the fact that members have manufacturer coupons, or they are military veterans covered by Tricare, and that the GIC has no way of confirming whether the associated OOP costs are actually being spent by these members. They also discussed caveats to OOP cost reporting, the ongoing efforts to review and refine data, and their willingness to review the data in order to determine the impact the pandemic may be having on certain services as well as the impact limited networks may have on OOP costs. The Executive Director noted time constraints and suggested that we move quickly through next section and leave the behavioral health and prescription drugs drill-down discussions for a later date.

Ms. Anshutz discussed the member population with over \$10,000 OOP costs, explained that pharmacy costs were the primary driver for 44% of the households. She explained that pharmacy costs are a result of maintenance medications being filled outside of the plan parameters and that the GIC believes many of these members are receiving copay assistance and not paying the OOP costs. Ms. Anshutz provided OOP costs by diagnostic category and differentiated costs by in-services and out of network providers. She emphasized the high levels of out-of-network spending, even when compared to the households spending over \$5,000 but under \$10,000. Ms. Anshutz then provided OOP costs by type of service and differentiated costs by in-network and out-of-network providers.

The Executive Director stated that this information was important for the Commissioners when deliberating about plan design changes. He stated that the allotted time for the meeting was nearly over, that there were materials that we were unable to cover, and that they he would be happy to discuss them with the Commissioners at a later time. The Executive Director asked the Chair if there was time for questions. The Chair suggested taking a few questions and tabling further questions and discussion until the next meeting in order to use the remaining time to address the remaining agenda items. The Vice Chair respectfully noted the importance of questions and deliberations by the Commissioners and suggested better time management practices at future meetings. A discussion ensued where the Commissioners concurred that questions should be tabled in the interest of time at this Meeting and that better time management practices that allow sufficient time for questions and deliberations should be implemented. The Chair thanked Ms. Anshutz. The Chair concurred with fellow Commissioners concerning the need to be vigilant about data reporting in order to make informed decisions on behalf of all stakeholders.

## **VI. CFO Update**

- Budget Update/FY21 Spending

The Chief Financial Officer, noted that the GIC's position remains favorable to budget, he described claims volatility due to an increase in COVID-19 claims, and that Commissioners can contact him if they have any questions about his written report.

## **VII. Other Business/Adjournment**

The Chair noted the requests made by Commissioners at the Meeting and asked that the Executive Director address these requests. The Executive Director thanked the

Commissioners for their valuable feedback and reiterated the important role they play in making improvements.

The Chair asked if there was any additional business before the Commissioners, there being none, the Meeting adjourned at 10:57 a.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Matthew A. Veno". The signature is written in a cursive style with a large initial 'M' and a long, sweeping tail.

Matthew A. Veno  
Executive Director

**APPENDIX A**

Additional materials distributed at or prior to the January 21, 2021 Commission meeting.

1. Legislative Briefing Memo
2. MA DOR DLS, City & Town, January 7, 2021
3. Procurement Memo – Life and LTD