

GROUP INSURANCE COMMISSION MEETING**Thursday, June 18, 2020****8:30 A.M. – 10:30 A.M.**

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

MINUTES OF THE MEETING

NUMBER: Six Hundred Fifty-three
DATE: June 18, 2020
TIME: 8:30 a.m.
PLACE: The Meeting was held via Zoom & YouTube

Members:

VALERIE SULLIVAN (Chair, Public Member)

BOBBI KAPLAN (Vice Chair, NAGE)

MICHAEL HEFFERNAN (Secretary of ANF) Designee Emily Jue-Williams

GARY ANDERSON (Commissioner of Insurance) Designee Rebecca Butler

TAMARA P. DAVIS (Public Member)

EILEEN P. MCANNENY (Public Member)

CHRISTINE HAYES CLINARD, ESQ. (Public Member)

TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)

JOSEPH GENTILE (AFL-CIO, Public Safety Member)

ADAM CHAPDELAINE (Town of Arlington--Massachusetts Municipal Association)

EDWARD T. CHOATE (Public Member)

JANE EDMONDS (Retiree)

ANNA SINAIKO, Ph.D. (Health Economist)

MELISSA MURPHY-RODRIGUES (Town of Sudbury--Massachusetts Municipal Association)

ELIZABETH CHABOT (NAGE)

PATRICIA JENNINGS (Public Member)

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

Call to Order

The Chair called the Meeting to order at 8:35 a.m. The Chair greeted Commissioners, the staff of the GIC, and everyone attending the Meeting via YouTube. She noted that this was the second Commission meeting via Zoom and acknowledged the disruptions caused by the global pandemic. The Chair stated that she was encouraged about the recent statistics showing a decline of COVID-19.

The Chair noted the social unrest in the nation and stated that her heart, and the hearts of everyone at the GIC, go out to the family of George Floyd and to all of us who are committed to alleviating the sorrows caused by social injustice. The chair stated that these issues are not lost on the staff of the GIC and that the GIC will incorporate the goals of social justice in everything we do.

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. She also explained that nearly all Commissioners and multiple GIC staff members could see and be seen by each other. The Chair stated that the meeting was being made public via simultaneous broadcast through YouTube, that the Meeting was being recorded, and that the recording would exist in perpetuity on the internet. She reminded staff of the formalities associated with video and teleconference meetings, including the need for roll call votes.

I. Approval of Minutes

The Chair referenced the agenda on page 2 of the Meeting materials and stated that the first item on the agenda was the approval of the minutes from the May 21, 2020 meeting. She asked the Commissioners if they had any questions or comments on the meeting minutes. There being none, the Chair asked for a motion to approve the minutes of the meeting held on May 21, 2020, as presented. The motion was made by the Vice Chair, seconded by Commissioner Clinard. The General Counsel performed the roll call vote and the motion passed (16-0, with Commissioner Davis temporarily unavailable).

II. Executive Director's Report

The Chair stated that the next item on the agenda was the Executive Director's Report.

The Executive Director welcomed everyone to the Meeting, noted the very full agenda, and stated that he would attempt to be brief.

- Calendar

The Executive Director referenced page 5 of the Meeting materials and discussed the fiscal year ("FY") 2020 calendar which listed important milestones. He stated that the FY ends in 12 days at midnight on June 30th and noted that James Rust, the Chief Financial Officer ("CFO"), will provide budget information later in the Meeting. The Executive Director stated that the GIC has officially completed the annual enrollment period, noted that it was extended for one month to accommodate members due to the disruptions associated with COVID-19, and that the Paul Murphy, Director of Operations ("DOO") will report on annual enrollment later in the Meeting. He discussed the recommendation of the apparent successful bidder for the conjoint survey and noted that this item was discussed at the May 21, 2020 meeting. The Executive Director also stated that an update would be provided concerning the status of the data warehouse vendor. He explained that both vendor discussions will require a vote of the Commissioners.

- COVID-19

The Executive Director stated that the GIC continues to operate almost entirely remotely as discussed in the May 21, 2020 meeting. The Executive Director explained that one person from the mailroom, a few people from finance and operations working on time-sensitive matters, and a few other staff members may be in the office for all or part of the day. He stated that there is no rush to bring people back to the office and that he has received positive feedback from staff, especially with regard to avoiding public transportation and the ability to care for family during school and daycare closures. He noted that the Governor continued to encourage employers to have employees work remotely and that the GIC continued to operate effectively. He noted that the GIC is planning the next iteration of the work environment.

- Plan Alignment with DOI Bulletins

The Executive Director stated that the GIC, in collaboration with Secretary of Health and Human Services Sudders, the COVID-19 Command Center, the Department of Insurance and other state agencies, quickly responded to the executive order to suspend or eliminate co-pays and deductibles associated with COVID-19 treatment and for telehealth. He noted that the GIC also made changes based on guidance from the federal government to extend the flexible spending account "FSA" spending window to the end of the CY2020. The Executive Director also explained changes concerning made regarding prescription drugs, including early refills and the suspension of certain signature requirements.

The Executive Director also described a modification related to coverage for participation in the Early Intervention program which assists families with developmentally disabled children under 3 years old. He explained that children age out of services after age 3, that due to COVID-19 no new services are being provided as they normally would through the public school systems. The Executive Director stated that GIC eligibility for coverage of these services is being extended during COVID. He explained that this is an example of the below-the-radar issues that the GIC is working on to keep members safe while ensuring access necessary services.

The Executive Director encouraged anyone listening who is in need of health care to obtain healthcare services and to communicate with their healthcare providers. He noted that hospitals have the capacity to treat patients and that, while COVID-19 has not disappeared, the medical profession is ready to treat patients who need care. The Executive Director also encouraged people to use telehealth as a means of obtaining care and noted the waiver of co-pays and deductibles.

The Chair thanked the Executive Director for his message and recognized the Vice Chair. The Vice Chair asked if the extended deadline for using flexible spending accounts includes the use of funds for over-the-counter medications. The General Counsel responded that the change to the FSA program was due to a change in federal tax law which appears to be permanent and will continue to be available after calendar year end. Cameron McBean, Manager of Health and Ancillary Benefits, added that remaining balances in FSA funds at the end of the plan year can still be used through the end of the calendar year for any eligible expenses.

The Chair asked the Commissioners if they had any questions for the Executive Director concerning his report. There being none, she thanked the Executive Director and the staff of the GIC for their performance during challenging times.

III. Regulations: Proposed Amendments

The Chair stated that the next item on the agenda was the proposed regulatory amendments and asked General Counsel to provide his report.

The General Counsel stated that he was presenting the regulatory changes for the Commissioners' approval and reminded the Commissioners of the May 21, 2020 meeting presentation on these proposed regulatory changes. He noted that that presentation lacked a larger regulatory context, and that the Commissioners may find it helpful to review the

GIC's rulemaking authority and legislative process. Referring to page 8 of the Meeting materials, General Counsel described the GIC's authority under Massachusetts General Laws. He noted that Chapter 32A gives the GIC authority over all group insurance provided to state employees through the GIC and directs it to promulgate rules and regulations. General Counsel explained that Chapter 32B governs the provision of group insurance for municipal employees, provides the GIC with authority to promulgate rules and regulations, and noted that the GIC did not have the ability to determine contribution ratios under chapter 32B. He noted that Chapter 32B makes the GIC an adviser to municipal entities regarding their own benefits. Referring to page 9 of the Meeting materials, General Counsel described the Code of Massachusetts Regulations ("CMR"), noting that all executive agency regulations are numbered in the eight hundreds, and that 805 was the applicable CMR for the GIC. Referring to page 10 of the Meeting materials, he described the very detailed and very bureaucratic method for promulgating and amending an agency's regulations. Referring to page 11, General Counsel described the steps required to change the GIC's regulations and the pitfalls of non-compliance. He described the process of notice, publication and public comment, and informed the Commissioners that they would review the final proposed changes for approval at the end of this process and before such changes were officially adopted. General Counsel provided a basic overview of 805 CMR on page 12 of the Meeting materials and discussed the five sections. In reference to page 13 of the Meeting materials, General Counsel noted that the changes by subject matter were discussed in depth at the May 21, 2020 meeting and briefly reviewed the provisions regarding handicap dependents with no surviving parent. General Counsel stated that rather than review the changes again he would entertain any questions the Commissioners had.

The Chair thanked General Counsel for his detailed and informative report and asked if the Commissioners had any questions or comments. There being none, the Chair asked for a motion to approve the draft regulatory amendments and instruct General Counsel to move forward with the regulatory amendment process. The motion was made by the Vice Chair, seconded by Commissioner Clinard. General Counsel performed the roll call vote and the motion passed unanimously (17-0).

IV. Annual Enrollment

The Chair stated that the next item on the Meeting agenda was the annual enrollment and asked the DOO and Digital Engagement Manager, Nick Vogler, to provide their report.

In reference to page 16 of the Meeting materials, Mr. Vogler explained that the red line represented the total number of touchpoints on the days listed at the bottom of the graph.

He explained that the precipitous drops in touchpoints were due to weekends and that there were 177,342 touchpoints during open enrollment. Mr. Vogler further explained that touchpoints were comprised of member utilization of MyGICLink, website page views, calls handled, and social media communications. He explained that digital communications usage had greatly increased from the prior year as did inbound phone calls. Mr. Vogler described the efforts to allow members to provide questions via online forms which the GIC staff could review and respond to in a timely manner. He stated that this was in anticipation of higher call volumes due to the disruptions surrounding COVID-19. Mr. Vogler stated that the GIC received over 4,200 questions through this online interface during open enrollment.

In reference to page 17 of the Meeting materials, Mr. Vogler discussed the GIC digital enrollment process and DocuSign. He explained that the graph was a more detailed view of MyGICLink cases and compared documents sent to DataBank for scanning and processing vs. forms digitally completed through DocuSign. He noted that the breaks in DataBank represented weekends where no one was available to process requests versus DocuSign which is available all day, every day. Mr. Vogler noted that the spike in DataBank requests was related to the mailing of benefit statement forms. He also noted the spike at the end of the month which was associated with the deadline for open enrollment. Mr. Vogler stated that, while members have been slow to adopt technology, statistics show increased usage of DocuSign. He further stated that one benefit of DocuSign is that the majority of requests are processed within 24 hours, of which 52% are processed within one hour. Mr. Vogler noted that top five agencies using DocuSign and asked the Commissioners if they had any questions.

The Chair thanked Mr. Vogler for his report and asked what segment of the GIC population is embracing the new DocuSign platform. Mr. Vogler responded by stating that 60% of members use a paper process where 40% of members use DocuSign. He further stated that the GIC designed DocuSign to function in a way that was similar to the paper process in order to encourage adoption by members and that some members are traditionalists and prefer the paper process.

The Chair thanked Mr. Vogler for his response and introduced the Director of Operations ("DOO") to provide the remainder of the report.

In reference to page 18 of the Meeting materials, the DOO discussed the chart explaining that it was a snapshot in time showing plan transfers, noted that such changes are 90% complete, and that the staff continues to work on annual enrollment requests. The DOO

stated that the bottom line shows transfers out of plans, the far right line shows transfers into plans and the number where they intersect shows total plan transfers to date. He then described the individual plan transfers and noted the total in and total out by certain plans. The DOO stated that total transfers to date numbered 2,846 and that it was expected that over 3,000 transfers will be processed by the end of open enrollment. The DOO stated that this is an increase compared to last year where roughly 2,850 plan transfers took place.

In reference to page 19 of the Meeting materials, the DOO explained that the slide represented a total gain or loss of members by plan. He discussed the meaning of each column, noted the difference between newly hired employees joining plans versus existing employees transferring from or to a plan, and the number of plan terminations with no corresponding new coverage. The DOO noted that UniCare had gained a sizable number of GIC members during annual enrollment.

In reference to page 20 of the Meeting materials, the DOO discussed other product offerings by the GIC including FSA accounts, retiree dental insurance, and buy outs. He stated that there were 14,566 member enrollments in the healthcare savings account and 1,836 enrollments in the dependent care savings accounts. He noted that while the numbers of enrolled in healthcare savings accounts is consistent with the prior year, the numbers of members enrolled in dependent care savings accounts is down. The DOO explained that if dependent care facilities reopen, that would act as a qualifying event which would provide members an opportunity to enroll in dependent care savings accounts outside of the open enrollment period. He then described the retiree dental program, noted that there were 1,003 new enrollees, that total enrollment was 39,129, and that the program continues to grow as more retired members take advantage of this offering. The DOO then discussed buyout coverage where the member can cancel coverage and receive 25% of the full-cost premium. He noted that this buyout is offered two times during the calendar year and that the GIC has processed 128 buyouts during open enrollment.

In reference to page 21 of the Meeting materials, the DOO stated that the slide shows a snapshot of total enrollment broken down by state and municipal members, 426,678 total health care enrollment. He noted the accomplishments of the operations staff during annual enrollment and in light of the work-from-home order and expressed his appreciation for all their hard work. The DOO then asked if there were any questions. In response to a question from the Chair, the DOO confirmed that the numbers on page 21 included retirees. The Vice Chair complimented the DOO and the operations staff for not only rising to challenges presented by annual enrollment but for rising to the additional challenges brought about by the pandemic. The Vice Chair discussed the impact the operations staff

had on individual members and that the operations staff should never question their importance and the positive impact that they have on the members they serve.

The Executive Director stated that he echoed the Vice Chair's comments, noted that annual enrollment during COVID-19 had a high probability of disruption, but that no significant disruptions occurred, due to the dedication of the DOO and his staff. The Chair concurred that the staff of the GIC performed admirably, noted that this success was a testament to the dedication of the GIC's staff, and stated that not everyone realizes the hard work that takes place every day at the GIC to ensure that members are well cared for.

[Commissioner Choate left the Meeting.]

V. Supplier Diversity Office

The Chair then stated that the next item on the agenda was the presentation from William McAvoy, Deputy Assistant Secretary, Executive Office for Administration and Finance ("ANF"), and Dmitriy Nikolayev, Director of the Supplier Diversity Office ("SDO") Programs and Reporting. The Executive Director reminded Commissioners that this presentation is being provided in response to their request from the May 21, 2020 meeting for more information on the SDO and the Supplier Diversity Program ("SDP").

- **Supplier Diversity Program: Overview**

In referencing page 24 of the Meeting materials, Mr. McAvoy reviewed the discussion topics and provided an overview of the SDO. Referencing page 25, he discussed the mission of the SDO, the state certification program, and procurement programs. He stated that his presentation would focus on the SDP which applies to procurements with a total value exceeding \$150,000. Mr. McAvoy further stated that the goal of the SDP was to promote the utilization of certified diverse businesses in the Commonwealth contracting for goods and services pursuant to Executive Order No. 565 which re-affirmed and expanded the Commonwealth's SDP.

- **SDP Plans: Direct and Indirect Spending**

In reference to page 26 of the Meeting materials, Mr. McAvoy discussed the Commonwealth's \$1.4 billion of expenditures in FY 2018 with small and diverse businesses. He explained that the chart breaks down the level of spending by diverse business type and by direct and indirect spending. Mr. McAvoy stated that the data shows that these

expenditures go directly to 1,083 businesses and indirectly to 1,011 other businesses through the Commonwealth's partnership with those businesses via the SDP.

In reference to page 27 of the Meeting materials, Mr. McAvoy described the SDP 2019 benchmarks, stated that Minority Business Enterprises, Women Business Enterprises, and Veteran Business Enterprises and Service-Disabled Veteran-Owned Business Enterprises were benchmarked at 8%, 14%, and 3%, respectively. Mr. McAvoy explained that Disability-owned Business Enterprises and LGBT-owned Business Enterprises do not have benchmarks due to the fact that they were more recent additions to the SDP and that the Commonwealth was in the process of certifying such businesses. Mr. McAvoy stated that the benchmarks are designed as guidance to agencies and pertain to each agency's discretionary budget. He further stated that agencies can meet these benchmarks through direct or indirect spending. Mr. McAvoy explained that indirect spending requires contractors, both diverse and non-diverse, to direct a percentage of contract sales to certified diverse businesses. He stated that SDP benchmarks do not apply to contractors and that contractors are measured by the diversity commitments they submit when bidding on a contract.

In reference to page 28 of the Meeting materials, Mr. McAvoy reviewed the requirements for conducting a new large procurement and noted that the definition of a large procurement is one that exceeds \$150,000. He also noted that when an agency is purchasing through an existing contract, departments should utilize the diverse businesses when possible. In response to a question from the Vice Chair concerning indirect spending by agencies, Mr. McAvoy stated that no minimum percentage is required. He explained that a potential vendor is required to provide a spending commitment as a percentage in their bid in order to receive points under the SDP program.

The Chair asked if there were any additional questions. There being none, Mr. McAvoy continued his presentation by discussing the requirements for new large procurements. He stated that agencies must submit a SDP Plan which includes a percentage of contract sales to be spent with certified diverse businesses. He described how an agency applies an evaluation score to bidders and that a SDP Plan accounts for 10% of the bidder's overall score. Commissioner Edmonds thanked Mr. McAvoy for the information and asked whether agencies have zero participation in the SDP due to the fact that participation is at the discretion of the agency. She also asked how the Commonwealth monitors agency participation. Commissioner Edmonds then asked how the Commonwealth ensures that SDP Plan commitments submitted in the bidding process by potential vendors are honored after the contract is awarded. Mr. McAvoy stated that all agencies are monitored and held

accountable due to the fact that each agency must report amounts spent with diverse businesses to the SDO on an annual basis, and that the SDO aggregates this information for a report that is made public annually. He explained that agency spending on diverse businesses is measured against the SDP benchmarks. Mr. McAvoy further explained that all agencies have some level of SDP spending but the levels of such spending can vary from agency to agency and that some agencies may spend well above one benchmark and well below in another. He stated that it was easier for agencies to meet benchmarks with direct spending and described the difficulties of meeting SDP benchmarks with indirect spending based on procurements. Mr. McAvoy further stated that a bidder's SDP Plan commitment submitted on SDP Form 1 is evaluated against other bidders while SDP Form 2 is submitted within 45 days of signing a contract where both the commitment and the diverse businesses are identified. He explained that Operational Services Division ("OSD") and SDO can review commitments on SDP Form 2 against spending and address any deficiencies by issuing a correction plan to the vendor. Mr. McAvoy stated that when a vendor makes a commitment on SDP Forms 1 and 2, those commitments must be met.

In reference to page 29 of the Meeting materials, Mr. McAvoy noted that much of this information was covered in his response to the question from Commissioner Edmonds. He stated that the next several slides described resources the SDO has to educate businesses and potential vendors including a webpage, live webinars, webcasts, and SDP information in COMMBUYS. Mr. McAvoy described the technology that allows agencies to identify diverse businesses by specific service or product. Mr. McAvoy asked the Commissioners if there were any questions on his report.

The Chair thanked Mr. McAvoy for his report and for his responses to questions from the Vice Chair and Commissioner Edmonds. General Counsel noted that there may be some confusion around the fact that if a diverse business is bidding on a contract that diverse business is not awarded any SDP points in the best value procurement score. He further stated that the SDP points are awarded based on the bidder's commitment to contract with diverse businesses, as a percentage of sales earned from the state contract, Mr. McAvoy stated that this was correct and explained that if the GIC contracted with a diverse business, the revenue that the GIC paid to this diverse business would applied to the GIC's SDP spending and measured against the SDP benchmarks. He explained that the SDO was careful not to double count both payments to a diverse-business vendor as well as a diverse-business vendor's payments when calculating an agencies adherence to the SDP benchmarks.

The Executive Director asked the Commissioners if they would find it helpful if the GIC made SDP a reoccurring meeting topic. The Vice Chair stated that she would like a quarterly report on the GIC's SDP participation scores. Commissioner Edmonds stated that she was grateful that her fellow Commissioners and the Executive Director brought this matter to the forefront and she thanked Mr. McAvoy for his presentation. Mr. McAvoy introduced Mr. Nikolayev, noted that their contact information was listed as part of their presentation, and stated that both he and Mr. Nikolayev would be happy to assist the Commissioners with any inquiries the Commissioners may have or future presentations that the Commissioners may find helpful.

VI. Benefit Procurement & Vendor Management

[10:00 a.m. +/- Commissioners Drake, Edmonds, McAnneny and Murphy-Rodrigues exit the meeting.] [Commissioner Chapdelaine was present for the Conjoint Survey Consultant vote but not for the Data Warehouse Vendor or Trust Funds votes.]

The Executive Director stated that the next item on the agenda was benefit procurement and vendor management, noted that the a presentation on conjoint surveys would be provided as would an update on retiree dental premiums, and asked the Director of Benefit Procurement & Vendor Management, Denise Donnelly, to provide her report.

- Overview of Conjoint Surveys

Ms. Donnelly stated that she was excited about the prospect of conducting a conjoint survey which will solicit information from members about their preferences and help the GIC better design benefit plans. In reference to page 37 of the Meeting materials, Ms. Donnelley stated that conjoint analysis was a statistical approach to market research which migrated to benefit programs about 20+ years ago and is used to measure priorities among consumers. She explained that conjoint surveys were able to obtain specific consumer product design preferences and how, in the benefits world, conjoint surveys are used to obtain specific consumer plan design preferences. Ms. Donnelley stated that conjoint surveys combine real-life scenarios and statistical techniques with the modeling of actual market decisions.

In reference to page 38 of the Meeting materials Ms. Donnelley provided an example of how questions are modeled to elicit the value members place on plan design options. In reference to page 39 of the Meeting materials, Ms. Donnelley stated that the GIC would work with a statistician and a consultant, and use a modeling tool provided by the

consultant that will allow the GIC to look at cohorts by different demographic elements and understand the level of value each cohort places on certain aspects of plan design. She further stated that this information will inform future plan designs, educate the members, and allow members to participate in the decision-making process that the GIC undertakes when addressing plan design. Ms. Donnelley stated that the ultimate goal is to optimize plan designs to meet the needs of the GIC's members. She then asked if there were any questions.

The Chair stated that she fully understands the need for such data and is very excited about the conjoint survey. She then noted that there were some questions, especially from labor, about what is going to be asked of members and whether it could be viewed in advance of distribution. The Executive Director stated that he has had discussions with labor and that the GIC needs their help to ensure members respond to these questionnaires. He explained that the way a conjoint survey is developed is an art unto itself and that, while the GIC certainly wants to partner with labor to ensure that we are gathering the right information, that we also need to protect the integrity of the process. Ms. Donnelly described the very specific statistical modeling and sequence of questions that takes place in a conjoint survey and explained how important it is to ensure the integrity of the survey.

The Chair stated that she agreed with Ms. Donnelley and understood that the investment of time, money, and resources requires the GIC to ensure that the data obtained is accurate. Commissioner Sullivan stated that he learned that the lowest paid members are likely to place value on the lowest possible premium and that these members would be the most vulnerable if they received a low premium plan but were then burdened with the high cost of care should someone in their family have a major health issue. He expressed his doubts and concerns on whether certain members truly understood the questions that were being asked and the impact their perceived values may have on the direction of plan design. Commissioner Sullivan stated that he recognized that a conjoint survey is designed to help members and he also stated that he did not want the survey to end up hurting the most vulnerable member population. Ms. Donnelley assured Commissioner Sullivan that the GIC shared the same goals and described the steps the GIC will take to ensure that the language used in the conjoint survey is understandable by all, including the use of definitions for technical words that are easily accessed by members as they take the survey.

The Chair asked the GIC to be cognizant of the needs of members, their level of health literacy, and to utilize a body of research that would help ensure member understanding when designing and conducting the conjoint survey. The Vice Chair stated that it would be helpful if unions can help get the message out to their members to ensure participation in

the conjoint survey and asked what level of participation is needed to make this data meaningful.

[Commissioner McAnneny left the Meeting.]

Ms. Donnelley stated that she was unsure of what specific level of participation was needed but noted that when results are final, the statistical validation of those results are also provided. She also noted that the conjoint survey contract had very robust communication language concerning a communication campaign that utilizes various types of digital and paper communication tools to reach out to as many members as possible. A brief discussion ensued about the appropriate level of engagement and the use of consultants to make such a determination.

In response to the concerns raised by Commissioner Sullivan, the Executive Director stated that the GIC shares his concern about most vulnerable members and assured him that these concerns will be accommodated as part of the conjoint survey. He also stated that the conjoint survey is just one of many sources of information and data that will help inform the GIC. The Executive Director noted that, in his recent meeting with labor, he discussed other ways to gather information that would be very valuable to the GIC.

[Commissioner Edmonds left the Meeting]

- Selection of Conjoint Survey Consultant

Ms. Donnelley introduced Jannine Dewar, Manager of Pharmacy and Ancillary Benefits, and stated that Ms. Dewar led the procurement process. Ms. Dewar referenced the procurement team's recommendation distributed in advance of the meeting, described the evaluation process noting that the process resulted in a difficult decision regarding the two top-scoring finalists. Ms. Dewar explained that under the OSD's rules and guidance, an agency must pick the vendor that represents the best overall value. She stated that due to the fact Deloitte Consulting LLC ("Deloitte") had the most robust modeling capabilities and a lower cost proposal, they were chosen by the procurement team as having the best overall value. Ms. Dewar stated that the procurement team was recommending Deloitte as the apparent successful bidder for the conjoint survey consultant contract. She then asked if there were any questions.

The Vice Chair referenced the procurement team's recommendation distributed in advance of the meeting and asked how procurement teams weigh costs and SDP scores. She also noted that a procurement team is not required to take the lowest bidder. The Vice Chair

then stated that if best value was removed from equation, another vendor would have won the bid. She asked how a procurement team justifies the allocation of its best value score. Ms. Donnelley stated that a best value procurement takes many factors into account, including cost and SDP scores. She stated that the Commonwealth has made it clear that a procurement team has to select the bidder that will deliver the best value and that the procurement team selected the vendor that would provide the best overall value to the GIC and its members. Ms. Donnelley stated that Deloitte's technology and benefits optimization tool is far superior to any other and will be incredibly valuable to the GIC and its members when the GIC performs a detailed analysis of the results. The Chair asked General Counsel if the conversation may be too explicit for the public session since the contract has yet to be awarded. General Counsel stated that the Commissioners should be as circumspect as possible, noted that the GIC cannot discuss the details of the scoring because the procurement process is not complete, and stated that disclosing certain information during a procurement could have negative consequences. He stated that a general discussion on the how and why a vendor was selected is permissible.

Commissioner Sinaiko expressed her support of the GIC's effort to gather data and recognized the value of such data. She then discussed how conjoint analysis presents tradeoffs to members and emphasized the need for the GIC to ensure that good questions are presented to ensure members understand these tradeoffs. Commissioner Sinaiko stated that the human brain has innate biases that are simply a result of how the brain functions, described how humans tend to overweight present value and underweight future value, and stated that questions using the same timeframe tend to produce a more accurate result. Commissioner Sinaiko also stated that it was important to ensure that the GIC obtains an accurate representation of the various member populations.

The Chair asked if there were any further questions. There being none, she asked for a motion to approve the GIC Conjoint Survey Consultant Procurement Team's ranking of bidders and direct General Counsel to enter into negotiations with the Apparent Successful Bidder, Deloitte Consulting LLC, notwithstanding the right to move to the next highest ranked bidder should negotiations fail, until a mutually agreeable contract is executed. The motion was made by the Vice Chair, seconded by Commissioner Clinard. The Chair then asked General Counsel to perform a roll call vote on the proposed resolution. General Counsel performed the roll call vote and the motion passed (12 - 0) with no abstentions.

- Retiree Dental Premium Rebate

The Chair asked Mr. McBean to provide the report on retiree dental premium rebates. Mr. McBean stated that dental insurers were giving rebates due to the decrease in dental services being provided, as a result of COVID-19. He further stated that Metropolitan Life would be issuing checks in the amount of 25% of each member's premium for the months of April and May. In response to questions from the Vice Chair, Mr. McBean explained there is only one retiree dental plan which has individual or family coverage with monthly premium amounts of roughly \$30 and \$72, respectively. He stated that the rebate amounts at 25% for the months of April and May would be roughly half of a single month's premium, \$15 for individual coverage and \$35 for family coverage. The Chair thanked Mr. McBean for his report.

VII. Contracts & Amendments

The Chair noted that several Commissioners had left the Meeting and that others may also need to leave and asked General Counsel to provide his report on contracts and amendments. General Counsel referenced the confidential memorandum supplied to the Commissioners in advance of the Meeting and stated that due to an irreconcilable breakdown in contractual negotiations with the initial apparent successful bidder of the data warehouse vendor, OptumHealth Care Solutions, LLC ("Optum"), we are asking the Commissioners to approve negotiations with the next highest scoring bidder, Milliman Solutions, LLC ("Milliman"), pursuant to the OSD's best value procurement rules and guidance. In response to a question from Commissioner Clinard concerning whether the terms that were the cause of the disagreement existed in the original contract, General Counsel stated that the terms were in the current contract but had not become an issue until the end of the contract. In order to prevent issues moving forward, the GIC specifically addressed these terms in the RFR. In response to a follow-up question from Commissioner Clinard about any further actions, General Counsel stated that he sees none at the present time.

The Vice Chair noted that the costs with Milliman are significantly greater and asked if the GIC was concerned about this cost due to forecasted budget shortfalls. General Counsel cautioned the Commission from discussing too many details before the contract had been finalized. He also stated that all data warehouse vendor bids were within the GIC's estimated costs and that Milliman was the second highest ranked bidder in the procurement process. The CFO stated that this was a planned expense and that it would not materially change the budget of the GIC. Commissioner Jennings stated that she shared the Vice Chair's concerns and questioned whether the cost of procuring Milliman was reasonable and customary in light of the cost to procure similar services. She also stated

that she understood that the GIC can afford to pay the amount but questioned whether the GIC should pay that amount. The Chair recognized the Commissioners' roles as fiduciaries for the GIC and stated that obtaining such data was extremely important for the GIC to support its members. The Executive Director stated that the GIC was at a critical point in developing a strategy for the upcoming health plan procurements and that the basis of these procurements would rest squarely on data obtained by the GIC. He explained that it became clear that the apparent successful bidder was not going to agree to the necessary contract terms, and therefore was not going to meet the core needs of the GIC. The Executive Director further stated that the financial impact was part of the GIC's considerations and that it was within the range of acceptability as confirmed by the CFO. He stated that selecting Milliman was the appropriate action for the GIC.

General Counsel stated that negotiations are confidential and asked that the Commissioners not discuss the details of the procurement. Commissioner Sinaiko provided her support to the GIC efforts to gather data and stated that the vendor's inability to meet the GIC's requirements would have a detrimental impact on the GIC's ability to support its members. She stated that she supports moving forward with this procurement. Margaret Anshutz, Senior Health Data Analyst, stated that she wanted to reiterate what the Executive Director and Commissioner Sinaiko had stated and further stated that this data provides tremendous value to the GIC and its members.

The Chair asked for a motion to direct General Counsel to enter into negotiations with the next ranked bidder, Milliman, notwithstanding the right to move to the next highest ranked bidder should negotiations fail, until a mutually agreeable contract is executed. The motion was made by the Vice Chair, seconded by Commissioner Clinard. The Chair then asked General Counsel to perform a roll call vote on the proposed resolution. General Counsel performed the roll call vote and the motion passed with 10 affirmative votes, 1 negative vote by Commissioner Jennings and no abstentions.

VIII. CFO Update

The Chair noted that the Meeting was behind schedule, stated that the next item on the agenda was the CFO Update, introduced the CFO, and asked him to provide his report.

- FY20 & FY21 Budget Updates

The CFO stated that most of his update is provided in the presentation and will be very familiar to the Commissioners. The CFO referenced page 46 of the Meeting materials and

stated that this slide was designed to identify expense trends. He noted that April and May were below the prior months as a result of the pandemic and that employee share medical expenses in April and May were similarly down. In reference to page 48 of the Meeting materials, the CFO stated that the slide shows the Commonwealth's budgeted premium expenses against actual premium expenses on a cumulative basis and noted that it was trending closely until April and May expenses declined. He further stated that he expects the GIC to come in under budget by about \$50 million, which is 2.6% of the GIC's budget, and that given the range of the GIC's budget the difference is not unprecedented. The CFO stated that if you removed the impact of the pandemic, the GIC was projected to be over budget by 2.6%. He explained that there were a few weeks to go before the end of the fiscal year and some significant volatility was possible. The CFO asked the Commissioners if they had any questions. There being none, the CFO moved to his next presentation.

- Trust Funds

The CFO referenced page 51 of the Meeting materials and stated this was an annual request made to the Commissioners to allocate money from the Employee Trust Fund to supplement the FY 2021 information technology, administrative services, and communication budgets. He explained that the funds are derived from employee contributions and are spent on projects that benefit employees. He further explained that these projects are reviewed by senior staff and approved by the Executive Director. The CFO stated that these funds are only used when the GIC's needs exceed the applicable ANF/IT and GIC appropriation and that in FY 2020 the existing budget was sufficient to cover expenses and, as a result, the GIC did not spend Employee Trust Fund money allocated and approved by the Commissioners.

In reference to pages 52 and 53 of the Meeting materials, the CFO reviewed the budget requests under information technology, administrative services, and member engagement. He also discussed temporary employee authorization requests stating that the GIC requests the continued authorization for the use of up to 15 temporary employees during FY 2021. The Executive Director stated that the specifics of how GIC uses specific types of trust funds was discussed with Union representatives at the June 17th meeting. He stated that the GIC is interested in engaging with the Unions in discussion on how these funds are used for the benefit of employees.

The Vice Chair asked about the utilization of temporary employees and what the greatest number of temporary employees working at the same time was during the last five years.

The CFO stated that the GIC had seven temporary employees at one time in FY 2020, that he did not have information about prior years. He speculated that the GIC may have used up to 15 temporary employees during the annual enrollment in 2012. The Chair stated that it would be good to have that information and that to the best of her recollection the number never exceeded nine temporary employees. The DOO stated that the GIC started using the Employee Trust Fund in 1984 and at that time the GIC had a standing authorization to hire up to 15 temporary employees at one time. He stated that the GIC has never reached that number and that the number peaked at around 10 temporary employees when the GIC had to conduct the re-enrollment of 80,000 members in 2012.

The Vice Chair then asked about the duration of temporary employees and if any are maintained for longer than one year. The DOO stated that the Data Entry Department has two temporary employees, one of which has been with the GIC for three years and another that has been with the GIC for six years. He discussed their duties and the assistance they provide. The CFO stated that the temporary employee account is reviewed on an annual basis as is the need for temporary employees. The Executive Director stated that reliance on temporary employees for an extended period of time is something that he noted and hopes to have a discussion about staffing and alternate needs at the GIC.

The Chair stated that in interest in time that she would like to close discussion on this item and asked for a motion to authorize the CFO to use the Employee Trust Fund funds as recommended. The Vice Chair mentioned how great it would be to allocate the budget surplus to the Employee Trust Fund, noted that such a transfer was not possible, and so moved the motion, seconded by Commissioner Clinard. General Counsel performed the roll call vote and the motion passed (10 - 0) with no abstentions. [Chapdelaine had left the meeting prior to the vote]

IX. Other Business/Adjournment

The Executive Director referenced pages 55 and 56 of the Meeting materials, noted the proposed calendar of Commission meetings for FY 2021, and stated that the first meeting will take place on September 17. He discussed the fact that the October meeting date is a placeholder and reminded the Commissioners that the GIC typically does not have a meeting in October due to the fact that the staff is extremely busy meeting with carriers at that time. The Executive Director further stated that virtual meetings using video conferencing will continue for the foreseeable future and that the GIC appreciates the Commissioner's patience during the transition to electronic meetings. He also encouraged

the Commissioners to contact him if they had any suggestions on how to make these electronic meetings better.

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

Respectfully submitted,



Matthew A. Veno
Executive Director

APPENDIX A

Additional materials distributed at or prior to the June 18, 2020 Commission Meeting

1. Procurement Memo – Data Warehouse
2. Procuring a Consultant for a Benefit Optimization and/or Conjoint Survey
3. Proposed Revisions to GIC Regulations