

GROUP INSURANCE COMMISSION MEETING

Thursday, January 18, 2024

8:30 A.M.-9:30 A.M.

Meeting held virtually through online audio-video platform (ZOOM) and accessible on the GIC's YouTube channel.

MINUTES OF THE MEETING

NUMBER: Six hundred seventy-nine
DATE: January 18, 2024
TIME: 8:30 A.M.
PLACE: Meeting held virtually through online audio-video platform (ZOOM) and accessible on the GIC's YouTube channel

Commissioners Present:

VALERIE SULLIVAN (Chair, Public Member)
BOBBI KAPLAN (Vice Chair, NAGE)
MATTHEW GORZKOWICZ (Secretary of Administration and Finance) Designee: Cassandra Roeder
GARY ANDERSON (Commissioner of Insurance) Designee: Rebecca Butler
JOSEPH GENTILE (AFL-CIO, Public Safety Member)
TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)
EDWARD T. CHOATE (Public Member)
TAMARA P. DAVIS (Public Member)
EILEEN P. MCANNENY (Public Member) - joined late at 9:06 A.M.
PATRICIA JENNINGS (Public Member)
JASON SILVA (Massachusetts Municipal Association)
MELISSA MURPHY-RODRIGUEZ (Massachusetts Municipal Association)
ANNA SINAICO, Ph.D. (Health Economist)
ELIZABETH CHABOT (NAGE)
JANE EDMONDS (Retiree)
GERZINO GUIRAND (Council 93, AFSCME, AFL-CIO)

At 8:30 A.M. Chairperson Valerie Sullivan gave welcome remarks. She introduced a new Commissioner, Jason Silva, filling one of the seats representing the Massachusetts Municipal Association. General Counsel Andrew Stern then announced the list of Commissioners in attendance.

Executive Director Matthew Veno gave an overview of the agenda, noting that Chief Financial Officer (CFO) James Rust was absent and therefore there would not be a CFO's report.

I. Minutes, January 18, 2023

The Chair entertained a motion to approve the minutes from December's meeting. The Vice Chair presented the motion which was seconded by Commissioner Chabot. The General Counsel took roll call and the minutes were unanimously approved by those voting.

II. Executive Director's Report

The Executive Director then gave his report to the Commissioners. He stated that he was looking forward to the upcoming Massachusetts Municipal Association annual meeting and trade show. Three of the GIC staff will be attending the event. The Executive Director noted that the event is a good way for the GIC to engage with representatives of communities that are current members and to answer questions from those who might be interested in joining.

He stated that the team has started working on benefit guides and there will only be three guides this year, instead of four. He noted that the retiree and survivor benefit guide and the active state employees guide would be combined into one guide. He stated that this should cost less and be a better, more streamlined experience for the members.

The Executive Director noted that the GIC was in the final planning stages of the public information sessions scheduled for January 23, 2024 and January 25, 2024. These will be held via Zoom, and will present the preliminary projected cost increases and note that there are no proposed plan design changes. GIC staff will be on hand to answer member questions. Because it has been so popular, the Executive Director continued, and previously the GIC has come close to hitting the limit on Zoom, it will be live streamed on YouTube. Unfortunately, he noted, the YouTube platform does not allow members to participate in question and answer feature of Zoom, so members wanting to engage with staff are encouraged to sign up early for Zoom.

Vice Chair Kaplan asked what the cap for Zoom participants is. She was informed that it is 1,000 participants and that once the member registers they'll get a confirmation email containing the link.

The Executive Director then stated that the CFO has provided a high-level summary in the written Executive Director's Report which indicates through the first half of the year that GIC spending is 2.4% underbudget. He reminded Commissioners that it is not a forecast of where it will end up at the end of the year and it would likely change over the next few months.

He then stated that the GIC's IT team has migrated its data to the cloud, a major milestone that increases the agency's data security.

He concluded that the General Counsel is finalizing the contract with CTI for auditing services and that Commissioners should keep an eye out for signature pages for that contract which are forthcoming.

In reviewing the Commission meeting calendar, the Executive Director noted a change. Since there are no proposed plan design changes, the Commission will not need the extra February meeting to vote on plan design. As a result, the Commission will have one meeting on February 29, 2024 for the final votes on rates. He added that during that meeting the GIC will also report on the public information sessions. He also said that there will not be a meeting in March, so that staff can focus on preparation for Annual Enrollment.

The Executive Director, responding to Commissioner questions, confirmed that no plan design changes meant that there is no change to copays, deductibles, etc..

The Vice Chair asked how many people have already enrolled in the public information sessions and the Director of Communications stated that in the 1st session 1,351 people had registered, in the 2nd session, 453 participants had registered, and in the 3rd session, 772 had registered.

Commissioner Sinaiko asked how Commissioners should register if they wanted to attend. The Chief of Staff stated that she will send the email containing the registration information. The Director of Communications requested that if Commissioners wish to attend, that they participate in the YouTube livestream instead of being on Zoom, since there's a limited number of people who can participate on Zoom.

III. FY2025 Plan Design

The Executive Director stated that regarding plan design, the Commission's longstanding preference is to concentrate major changes in the procurement years to minimize the disruption for members who would otherwise have to adjust to rolling changes each year. There were substantial changes in FY24 including changes to vendors, product lanes and plan design; therefore, there are no proposed material plan design changes for FY25. He noted that a year of stability is necessary for the members and the staff. He stated that there could be plan design changes to propose in the following plan year.

The Vice Chair commented that she has received complaints about the high cost of medication and noted that it is becoming very concerning. She said people were saying that they are just not going to take their medications because the costs were too high. Often the formularies change in January, and she wondered what the indicators were for this coming year.

The Executive Director asked the Vice Chair to inform the GIC as she hears such member complaints so the GIC can investigate and monitor those in real time. He noted that while the Pharmacy Benefit Manager (PBM) changed for active GIC members, the pharmacy plan design did not change. If people were experiencing big differences, he requested that she notify staff. The Vice Chair noted that she had been referring the cases to Cameron McBean who has helped resolve some, but the number of people involved was concerning.

The Executive Director replied that he would look into the complaints and see if there were issues that should be addressed at the stewardship meetings.

Commissioner McAnneny asserted that while she appreciates the need for stability, she hopes the GIC will spend time digging into our data regarding medical and pharmacy spend and think about how we can get more value out of the spend.

The Executive Director replied that on the pharmacy side, there is substantial interest at the state house to reform how PBMs operate. He continued that some of the proposals in the Legislature are concerning. He said that the GIC needs to maintain the current tools that are used to manage rising pharmacy costs. He noted that he intends to continue to engage with legislators on this topic.

Vice Chair Kaplan asked how many active members have become retirees. The Executive Director said that was a good question and that he would provide the data in advance of a future meeting. He then

turned the meeting over to Cameron McBean, Director of Vendor Management to provide a summary of the FY2023 Stewardship Meetings.

IV. FY2023 Stewardship Meetings Summary

Mr. McBean stated that because FY23 was the last year of the prior health carrier and PBM contracts, the GIC asked the carriers to provide a more retrospective analysis instead of the usual performance over the past year. Health New England had the lowest trend at 0.2% and Mass General Brigham Health Plan and UniCare both were highest at 5% and 6%, respectively. Other trends, he continued, included increasing usage of outpatient facilities for many procedures that typically were inpatient, but savings were eroded by higher fees in the outpatient setting for these procedures that wasn't necessarily tied to severity and cost. He stated that provider consolidation continues to be a growing problem and the negotiating power regarding unit price is tipped well in the favor of providers.

He then turned to pharmacy, stating that Express Scripts reported a year-over-year increase of 12%, noting that this trend is net of rebates. He continued, stating that specialty medications continue to drive costs, accounting for 65% of all pharmacy spend. He noted that chemotherapy treatments were the largest cost driver, but other categories of service are catching up. He noted that now that GPL-1 medications have been approved for weight loss by the FDA, we expect to monitor their use and ensure that prescriptions are appropriate and meet clinical criteria.

Commissioner Sinaiko asked, regarding provider consolidation, what are the strategies that the carriers or GIC might take? Mr. McBean replied that the GIC's strategies are always evolving. He noted that the GIC aims to try to balance the needs of the membership along with its fiduciary responsibility to the taxpayers and members.

The Executive Director added that the GIC has always asked the carriers to inform the GIC of provider rate negotiations especially if they turn contentious. He noted that he expects that we will see contract terminations in the future, and that it had come close to happening a few times this year. He continued that while the disruption it presents to the members is important, the GIC backs the carriers in those negotiations and want them to push hard on providers systems. It is possible, he noted, that GIC may become involved in some of the discussions. He stated that this is a health systems challenge across the board and our ability to use plan design to address this is very limited. The GIC was already using the tools at its disposal.

Margaret Anshutz, Director of Health Policy and analysis stated that the GIC is working to better understand contracting strategy and is investigating how to align across state government to help with cost containment strategies.

Commissioner McAnneny asked that the GIC focus on facility fee payments. The Executive Director agreed that differential payments between hospital outpatient departments and physician office settings are problematic, but that the GIC does not allow its contracted health plans to reimburse facility fees for services for many common outpatient procedures.

Vice Chair Kaplan inquired how many providers have moved tiers. She underscored that many people are not seeing their doctors when the specialist copays are \$75 per visit.

The Executive Director indicated the GIC would provide her the migration data. He then noted that as we face provider cost pressures and the insistence on much higher and unreasonable rate increases from providers, higher cost sharing measures, such as \$75 out-of-pocket co-pays are there to make members be more cost-conscious shoppers.

Mr. McBean continued to discuss the annual vendor meetings, saying that the GIC met with Optum, who is the GIC's Mass4You EAP vendor, and MetLife, the dental, life and LTD insurance vendor. Optum showed a small increase in member engagement and is holding more classes at the request of state agencies. Lastly, he noted that the trends seen in our plans and benefits are the same ones that employers are faced with across the state and country.

Vice Chair Kaplan asked how many active employees have enrolled in LTD. Mr. McBean did not have the information on hand and said he would ensure she gets the data.

The Chair asked what is expected over the next five or ten years. She also asked about administrative fees and the money that doesn't go to patient care, and whether that can be decreased. The Executive Director said that the annual HPC report touched on her question and he will recirculate the report to Commissioners.

Commissioner Choate asked why, since Harvard Pilgrim and Tufts have merged, they cannot counter the provider consolidations. Mr. McBean said that, even with their consolidation, Mass General Brigham still has contract leverage and political leverage as the state's largest private employer, making it difficult. The Executive Director noted that, even with the merger, Point32 is still smaller than Blue Cross Blue Shield (BCBS), and even BCBS is seeing their rates increase similarly. So, he continued, there is a question about whether even the larger size can make a major difference.

Commissioner Sinaiko added that these are the issues plaguing the healthcare insurance market and provider market. She offered to lend her expertise in helping brainstorm with staff to develop a future presentation to the Commission, noting that different states are trying different things. She also stated that everyone is struggling, across the country.

The Executive Director stated that the staff is working on this and will likely present to the Commission when the time is right. He reemphasized what Commissioner Sinaiko had said, that this was a system problem requiring system and likely policy solutions.

Mr. McBean indicated that the GIC had tried to address these challenges with narrow network plans, but people had been resistant to opting into those in large numbers.

V. Other Business and Adjournment

The Chair then asked if there was any further business. Hearing none, the meeting was adjourned at 9:38am.