

GROUP INSURANCE COMMISSION MEETING
Thursday, March 3, 2022
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 sixty-six
DATE: March 3, 2022
TIME: 8:30 a.m.
PLACE: The Meeting was held virtually

Commissioners 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)
EDWARD T. CHOATE (Public Member)
CHRISTINE HAYES CLINARD, ESQ. (Public Member)
TAMARA P. DAVIS (Public Member)
JOSEPH GENTILE (AFL-CIO, Public Safety Member)
GERZINO GUIRAND (Council 93, AFSCME, AFL-CIO)
PATRICIA JENNINGS (Public Member)
EILEEN P. MCANNENY (Public Member)
MELISSA MURPHY-RODRIGUES (Massachusetts Municipal Association)
ANNA SINAIKO, Ph.D. (Health Economist)
TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)

Commissioners Not Present:

ADAM CHAPDELAINE (Massachusetts Municipal Association)
JANE EDMONDS (Retiree)

Call to Order

The Chair called the Meeting to order at 8:30 a.m. The Chair identified all Commissioners present at this meeting. She then explained that the February meeting was cancelled for efficiency.

I. Approval of Minutes

Vice Chair Kaplan made a motion to approve the January 20, 2022 meeting minutes, as presented, which was seconded by Commissioner Clinard. There were no additions or corrections to the minutes. The vote was taken by roll call by GIC General Counsel and passed unanimously by voting members. Commissioners Clinard and Sinaiko abstained.

II. Executive Director's Report

The Chair turned the meeting over to Executive Director Veno who provided an overview of the meeting's agenda as well as the Executive Director's Report. Executive Director Veno reviewed the remainder of the 2022 calendar, indicating that there would be a second meeting in March on the 24th and then no meeting in April. There will also be no meetings in July or August for the Commission's usual summer recess.

- **Human Resources**

The Executive Director reviewed the Human Resources actions of the year to keep the GIC aligned with its strategic objectives. He discussed the internal promotions that have occurred to leverage current GIC talent, pulling from the present pool of institutional experience, as well as the recent new hires.

Both the Chair and the Vice Chair congratulated both the new hires and those who had been promoted. The Vice Chair specifically congratulated and thanked Ruth Oliveira, who had recently been promoted to HR and Administrative Services Specialist.

The Executive Director then asked if the Commissioners had any questions about this or anything else in the Executive Director's Report. There were no other questions.

III. Public Listening Session Report

The Executive Director turned the meeting over to Deputy Executive Director Scibelli to review the Public Listening Sessions that had been held in January. The Deputy Executive Director thanked the Commissioners for attending the sessions to listen to members directly and went over the process of the listening sessions. She noted that the presentation slides from the sessions were available on the GIC website and videos of the sessions are available on the GIC YouTube page. There is a plan to compile the Q&As from the sessions into a FAQ document that would be made available prior to Annual Enrollment, which begins on April 6th. The Deputy Executive Director then opened the floor to questions. The Chair did not note any questions but commented on the quality of the sessions and of the written questions, specifically. Vice Chair Kaplan complimented the GIC team on the sessions and asked if anyone commented regarding the times that were offered to members. The Deputy Executive Director noted there were no comments on the offered times or preferences for the meetings next year but that the GIC contact form is linked in the slide deck so that after reviewing it on their own, members may submit questions outside of the sessions.

The Chair asked if it is possible to determine how many people view the recorded sessions on YouTube after the scheduled time and if anyone from the GIC has looked at that. The Deputy Executive Director answered that it is possible to tell, but that no one has done so yet. She noted that she would discuss doing so with Leslie Monteiro and provide that data to the Commissioners.

IV. FY23 Plan Design

The Executive Director then presented the recommendations for the FY23 Plan Design. Slides explaining the proposed changes, initially presented during the January meeting, were reviewed. These changes expanded coverage for the diagnosis and treatment of child-adolescent mental health disorders. The Executive Director noted that CFO Jim Rust was available for any questions regarding the cost impact of these changes and requested that the Commission confirm the changes with an affirmative vote. The Vice Chair asked whether the changes would go through as a medical benefit. The Executive Director affirmed that it would go through the health plans as a medical benefit but that each plan would handle the benefit individually. The Vice Chair then moved to approve the proposed plan design changes and the motion was seconded.

The General Counsel then called the vote, which passed unanimously.

V. FY23 Subsidies and Rates

The Executive Director turned the meeting over to CFO Jim Rust and his team. Cameron McBean was introduced to review vision and dental FY23 rates for both active and retired members. The CFO reviewed using the rate stabilization reserve to lower plan premiums for Elderly Governmental Retirees (EGR) in keeping with the practice in previous plan years. There are seven (7) EGR members remaining. He then opened the floor to questions and asked that the Commission vote to approve this rate subsidy.

The Chair noted that there were no questions and welcomed a motion to vote on the FY23 EGR rate stabilization. At that time, the General Counsel notified the Chair that during the previous vote, Commissioner Sinaiko had been accidentally omitted and requested that she be allowed to record her vote for that roll call. The Chair agreed and Commissioner Sinaiko voted in the affirmative.

The Vice Chair then moved to approve the proposed spending for the EGR rate stabilization. The motion was seconded, and the General Counsel called the roll. The vote passed unanimously.

The CFO moved on to reviewing the Retired Municipal Teachers (RMT) rate stabilization subsidy. This functions similarly to the EGR subsidy but does not have a fixed number of members and the current member pool is much larger, over 8,500. The CFO noted that the GIC was asking for Commission approval to use funds from the rate stabilization reserve balance to offset the employer share of the FY23 plan premiums and went over the details of those disbursements, noting that this will be the final use of the RMT reserves, marking the successful return of the funds to this group of members. He opened the floor to questions and asked for the Commission's approval of this use of funds.

The Chair asked Mr. Rust what impact the completion of the RMT subsidy might have on RMT rates in FY24. He replied that the impact could be as low as ten cents on some plans, up to twenty dollars on other plans, depending on what the increase is next year. He noted that the process of returning the money in the reserve has been done over a number of years to avoid a sudden and extreme shift in premium costs for RMTs from year to year.

The Vice Chair then asked what the premiums would be if the subsidy were not available for FY23 and the CFO replied that they would be what the Commission will vote on for rates for retirees later in this meeting.

Commissioner Timothy Sullivan moved to approve spending from the RMT rate stabilization to reduce the FY23 premiums, which was seconded by Commissioner Gentile. The General Counsel called the roll and the motion passed unanimously.

The meeting moved on to the presentation and vote regarding the FY23 Full Cost Health Care Premiums. The CFO introduced Vince Kane, the GIC actuarial consultant from Willis Towers Watson (WTW). Mr. Kane laid out how he was going to present both Non-Medicare and Medicare premiums as well as the rate development process and timeline and explained that, following the presentation, the Commission would be asked to vote to approve these rates.

Mr. Kane underscored that while most of the carriers that offer Medicare and non-Medicare plans would remain the same, Fallon would be exiting the commercial market for FY23 and so its plans would not be offered in the coming plan years. He noted that non-Medicare plans would have no additional changes in FY23 except the behavioral health coverage that had already been voted on and that Medicare plans would have no changes at all.

Mr. Kane went through the timeline and process that began in September 2021, working within Willis Towers Watson, with the GIC staff, the Pharmacy Benefit Managers, and others to arrive at the rates that will be presented to the Commission. He explained what premiums are and how they are shared between the member and the Commonwealth. The Chair then asked if there was a breakdown of what percent of retirees pay the different contribution amounts, ranging from 10% to 25%. Mr. Kane referred the question to Mr. McBean who replied that since July 1, 2003, new hire (active) employees contribute at 25% and since July 1, 2009, new retirees pay 20%. The Chair asked that the Commission be provided a slide with that information. The Chair then recognized the General Counsel who reminded the Commission that contributions ratios are set in the budget every year and are subject to change every year, although they have not been changed since the dates mentioned.

Mr. Kane clarified that the GIC operates as a self-insured model, meaning that the Commonwealth of Massachusetts bears the risk. If claims should ever exceed premiums in a given year, the Commonwealth would then have to seek addition funds through a supplemental budget request.

Before discussing the actual rates for FY23, Mr. Kane focused on factors driving premium increases for the upcoming year. Medical cost inflation was found to be the primary driver and was rooted in more expensive claims for the same services and significant pharmacy claim increases from FY20 to FY21, as well as utilization returning to pre-pandemic levels. Commissioner Sinaiko asked if Mr. Kane had any sense as to whether the GIC is yet feeling

the full effects of the cost inflation or if the full brunt of the cost inflation wouldn't be felt until the renegotiation of the multi-year carrier-provider contracts. Mr. Kane replied that while WTW and the GIC did not have the details of those contracts, it might be possible to press to get more information as to the percentage of their contracts that are up for negotiation and to ask the plans for more insight into what the short- and long-term inflationary burden might be. However, it does appear that costs are going up and that those unit cost increases will likely be reflected in the plan costs for FY24 and beyond. Commissioner Sinaiko replied that it would be helpful to know more about the timing of those renegotiated contracts and that a large driver of the unit costs is a result of provider consolidation raising rates. The Executive Director also noted that the upcoming RFR will provide the GIC with the opportunity to delve into the details of these unit cost increases in more detail.

Vice Chair Kaplan asked Mr. Kane what impact the visits and procedures that were deferred during the pandemic might have on claim utilization. Mr. Kane replied that while there was a significant claims depression as a result of the first several months of the pandemic, much of that claim utilization bounce back was during the latter part of 2020. While utilization has not completely returned to pre-COVID levels, largely driven by the Omicron variants, it is unlikely to result in a large bump of utilization into FY23, absent any additional issues caused by further variants.

Mr. Kane then reviewed the expected premium increases for FY23, indicating there is an overall average increase of 5.4% across all Medicare and non-Medicare, marking the third year in a row that the increase is over 5%. However, he noted that 62% of GIC members would see a rate change of less than 5%, though some members would see an increase of up to 10.3%. Commissioner McAnneny asked Mr. Kane to go over the increases again since it seemed that rates should increase evenly when purchasing in a group plan. Mr. Kane answered that since the premiums for the plans are developed separately – plan to plan – the increase for each group enrolled in those different plans will increase differently. He clarified that the enrollees that are represented in the different bars on the slide in question will likely be clearer when he lays out the plan premiums and the counts of enrollees in each of those plans.

Mr. Kane reviewed the non-Medicare plan rate increases, by plan, for FY23, also indicating the percentage increase since FY22, both for individual and family plans. He then moved on to the Medicare price increases, which all came in under 4%. The Medicare premiums were all listed at the individual tier. Mr. Kane then turned the meeting back to the Chair for a vote. There being no questions, Commissioner Davis moved to approve the FY23 full cost premiums

as presented. The motion was seconded, and the General Counsel called the roll. The vote passed unanimously.

The Executive Director voiced his thanks to the team members at WTW and the GIC who had put in a tremendous amount of effort since September to compile the information necessary to prepare the premium rates as presented. He then echoed the sentiments of both the Chair and the Vice Chair who had commented during the vote that it is the responsibility of the GIC to limit increases as much as possible, being mindful of the fact that rate increases are often higher than pay increases for state employees. He also thanked, in advance, the work of the Operations team at the GIC, understanding that they will be communicating with members during annual enrollment and assisting members when these premiums become effective.

The CFO presented the final rate to be reviewed and voted on: the municipal administrative fee rate. The GIC staff recommended that this rate be set at .3% of the full cost premiums, which is a .05% reduction from the FY22 level. This reduction is to recalibrate the fee as premiums go up to meet the administrative costs of the GIC without an undue burden on the municipalities. There were no questions about this rate and Commissioner McAnney moved to approve the administrative fee as presented. The motion was seconded, and the General Counsel called the roll. The vote passed unanimously.

VI. Employee Assistance Program Consultant Update

The Executive Director turned the meeting over to Jannine Dewar, GIC Manager of Pharmacy and Ancillary Benefits. Ms. Dewar reviewed the current state of the Employee Assistance Program, Mass4YOU, and noted that FY23 is the final year of the contract. As such, the procurement process for an EAP consultant will begin in April 2022.

Ms. Dewar also went over the benefits offered through Mass4YOU and which benefits had been most commonly accessed based on FY21 data. She then discussed the timeline for the EAP Consultant procurement with a vote on the apparent successful bidder scheduled for the October 20th meeting. She opened the floor to questions.

The Chair inquired as to whether the current EAP vendor was able to give any data as to why utilization of the program was so low. Ms. Dewar replied that while there is a continued effort to increase utilization, the COVID-19 pandemic has stymied many normal, in-person strategies to increase awareness of the program, leaving the GIC to rely on a largely email-based strategy. She noted that increased utilization would be one of the main focuses of the upcoming consultant procurement. Commissioner Sinaiko asked what the benchmark utilization was at similar organizations. Ms. Dewar said she would be able to get that

information to the Commission but did not have it at that moment. Commissioner Choate requested that during the EAP consultant procurement, the chosen consultant be open to the idea of ending the EAP and utilizing the funds for another GIC program. The Vice Chair stated that while EAP utilization was not very high before, it is likely that the pandemic has affected some usage, as well as employees not being completely certain that their utilization is confidential from their employer. Additionally, the Vice Chair felt that there is a stigma attached to mental health, for which EAP is best known, despite there being other services offered by the program.

Commissioner Timothy Sullivan asked that the specific strategies used by the GIC to advertise the program be made available to the Commission. He also noted that he would not be in favor of removing any of the components of the EAP unless there were another way to provide those services to members. The Executive Director noted that the GIC does email members about the EAP as well as emailing coordinators, who reinforce this communication to members, and that the new member portal offers the opportunity to expand exposure to the EAP.

VII. Procurement Rules Overview

The Executive Director then turned the meeting over to the General Counsel to review the rules for procurement. The General Counsel refreshed the Commissioners' memories regarding the procurement process. He reminded the Commission that the procurement process is confidential to avoid influence and ensure a competitive procurement. The General Counsel reviewed the rules provided by the Operational Services Division (OSD) to ensure a fair and impartial process during the entire procurement, including how Commissioners can remain informed throughout the process by way of non-disclosure agreements (NDA), and that the final recommendations will be presented to the Commission for its approval.

The General Counsel opened the floor to questions and the Vice Chair asked if Commissioners who sign the NDA would be able to speak about what is shared with them outside, as long as any such discussion is in private. The General Counsel replied that due to open meeting law, if a quorum of Commissioners, even in private, discussed what they had learned of procurement, it could violate that law. He noted that the NDA is a tool for Commissioners to utilize to discuss the procurement with the GIC staff or Executive Director. The Chair then asked the General Counsel whether less than a quorum of Commissioners would be restricted in the same way. He affirmed that the open meeting law is only violated by communication of a quorum of Commissioners in a single meeting or in a series of meetings that result in a quorum. He also affirmed the Chair's assertion that the NDA is only implemented so that Commissioners can discuss the matters covered by the NDA with GIC staff and a limited

number of Commissioners and reminded the Commission that it does not allow them to bring any of the information back to their constituencies.

VIII. Other Business/Adjournment

The Executive Director then concluded the agenda. The Chair reminded that the next meeting will be on March 24, 2022 and that there will be no April meeting. She extended the Commission's empathy and caring to any colleagues and constituents who have family in Ukraine. There being no further business or discussion, the Chair adjourned the Meeting at 10:30 A.M.

Respectfully submitted,

Matthew A. Veno
Executive Director