Commonwealth of Massachusetts
Group Insurance Commission

COMMISSION MEETING

NOVEMBER 16, 2023

(Public Notice: G.L. C-30A, Sec. 20, November 14, 2023)

Group Insurance Commission MassGIC MA Group Insurance Commission

Agenda

	Topic	Speaker	Schedule
I	**Minutes, September 21, 2023 (VOTE)**	Valerie Sullivan, Chair Andrew Stern, General Counsel	8:30-8:40
II	**Executive Director's Report (INFORM)**	Matthew Veno, Executive Director	8:40-8:45
III	**Cost Trends Report (INFORM)**	David Seltz, Executive Director, Health Policy Commission (HPC) Dr. David Auerbach, Senior Director, Research and Cost Trends, HPC	8:45-10:00
IV	**Audit Services Procurement Recommendation (VOTE)**	James Rust, Chief Financial Officer	10:00-10:15
V	**CFO Report (INFORM)**	James Rust, Chief Financial Officer	10:15-10:25
VI	**Other Business/Adjournment**	Valerie Sullivan, Chair Matthew Veno, Executive Director	10:25-10:30

I. Approval of Minutes (VOTE)

Motion

That the Commission hereby approves the minutes of its meeting held on September 21, 2023 as presented.

- Valerie Sullivan, Chair
- Bobbi Kaplan, Vice-Chair
- Cassandra Roeder (A&F Designee)
- Rebecca Butler (Designee for DOI)
- Elizabeth Chabot
- Edward Tobey Choate
- Tamara Davis
- Jane Edmonds
- Joseph Gentile
- Gerzino Guirand
- Patricia Jennings
- Eileen P. McAnneny
- Melissa Murphy-Rodrigues
- Timothy D. Sullivan
- Anna Sinaiko

II. EXECUTIVE DIRECTOR'S REPORT (INFORM)

Matthew Veno,
Executive Director
&
Members of Senior Staff

Projected 2023 Calendar*

Public Info Sessions

Annual Enrollment Info Sessions

Stakeholder Engagement

FY24 Annual Enrollment

Fall buy-out

Jan 19	Feb 16	Mar 2	Apr	May 18	Jun 15	Jul	Aug	Sep 21	Oct 19	Nov 16	Dec 21
Presentation: FY24 Plan Design	Vote: FY24 Plan Design	Vote: FY24 Rates	No Meeting	Vote: Trust Funds	Report: Annual Enrollment	No Meeting	No Meeting	Plan Audit	Canceled	**Vote: Plan Audit Procurement**	**FY25 Preliminary Rates**
Engagement Update	Report: Public Info Sessions	Annual enrollment sessions		Report: Out of Pocket	Modernization Update			CFO End of FY Report		**HPC/CHIA presentation (tentative)**	
				Behavioral Health Update	Carrier Performance Guarantees Update			Municipal Memo			

* Topics and meeting dates are subject to change

III. COST TRENDS REPORT

David Seltz,
Executive Director, Health Policy Commission
&
Dr. David Auerbach,
Senior Director, Research and Cost Trends, Health Policy Commission

MASSACHUSETTS
HEALTH POLICY COMMISSION

Advancing Health Equity: Navigating Cost Containment and Affordability

David Seltz, Executive Director

Dr. David Auerbach, Senior Director, Research and Cost Trends

Massachusetts Health Policy Commission

November 16, 2023

Agenda

THE MASSACHUSETTS HEALTH POLICY COMMISSION

Health Care Spending and Pricing Trends

HPC 2023 Policy Recommendations

In 2012, Massachusetts became the first state to establish a target for sustainable health care spending growth.

CHAPTER 224 OF THE ACTS OF 2012

An Act **Improving the Quality** of Health Care and **Reducing Costs** through Increased **Transparency**, **Efficiency**, and **Innovation.**

GOAL

Reduce total health care spending growth to meet the **Health Care Cost Growth Benchmark**, which is set by the HPC and tied to the state's overall economic growth.

VISION

A **transparent** and **innovative** healthcare system that is **accountable** for producing **better health** and **better care** at a **lower cost** for all the people of the Commonwealth.

The Health Care Cost Growth Benchmark

- Sets a **prospective target** for controlling the growth of total health care expenditures across all payers (public and private) and is tied to the state's long-term economic growth rate.
- The health care cost growth benchmark is **not a cap on spending or provider-specific prices**, but is a measurable goal for restraining excessive health care spending growth and **advancing health care affordability**.
- To promote accountability for meeting the state's benchmark target, the HPC can require health care providers and health plans to implement **Performance Improvement Plans** and submit to public monitoring.
- A PIP of an individual provider or health plan is only required following a **retrospective, comprehensive, and multi-factor review** of the entity's performance by the HPC, **including evaluating cost drivers outside of the entity's control** and the entity's market position, among other factors.

TOTAL HEALTH CARE EXPENDITURES

Definition: Annual per capita sum of all health care expenditures in the Commonwealth from public and private sources

Includes:

- All categories of medical expenses and all non-claims related payments to providers
- All patient cost-sharing amounts, such as deductibles and copayments
- Administrative cost of private health insurance

Chapter 224 established two independent state agencies to work together and monitor the state's health care performance and make data-driven policy recommendations.

Massachusetts Health Policy Commission (HPC)		Center for Health Information and Analysis (CHIA)
Policy hub	**PURPOSE**	Data hub
Independent state agency governed by an 11-member board with diverse experience in health care	**OVERSIGHT**	Independent state agency overseen by a Council chaired by the Secretary of Health and Human Services
Sets statewide health care cost growth benchmark Enforces performance against the benchmark Registers provider organizations Conducts cost and market impact reviews Holds annual cost trend hearings and produces annual cost trends reports Supports innovative care delivery investments Certifies accountable care organizations and patient-centered medical homes Conducts research and analysis to support the HPC's policy agenda	**DUTIES**	Collects and reports a wide variety of provider and health plan data Examines trends in the commercial health care market, including changes in premiums and benefit levels, market concentration, and spending and retention Manages the All-Payer Claims Database Maintains consumer-facing cost transparency website, CompareCare

The Health Policy Commission's Mission and Goal

*The HPC's mission is to advance a more transparent, accountable, and **equitable** health care system through its independent policy leadership and innovative investment programs. The HPC's overall goal is better health and better care – at a lower cost – **for all residents** across the Commonwealth.*

The work of the HPC is overseen by an 11-member Board of Commissioners who are appointed by the Governor, Attorney General, and State Auditor.

GOVERNOR
Maura Healey

- Chair with expertise in health care delivery
- Primary care physician
- Expertise in health plan administration and finance
- Secretary of Administration and Finance
- Secretary of Health and Human Services

ATTORNEY GENERAL
Andrea Campbell

- Expertise as a health economist
- Expertise in behavioral health
- Expertise in health care consumer advocacy

STATE AUDITOR
Diana DiZoglio

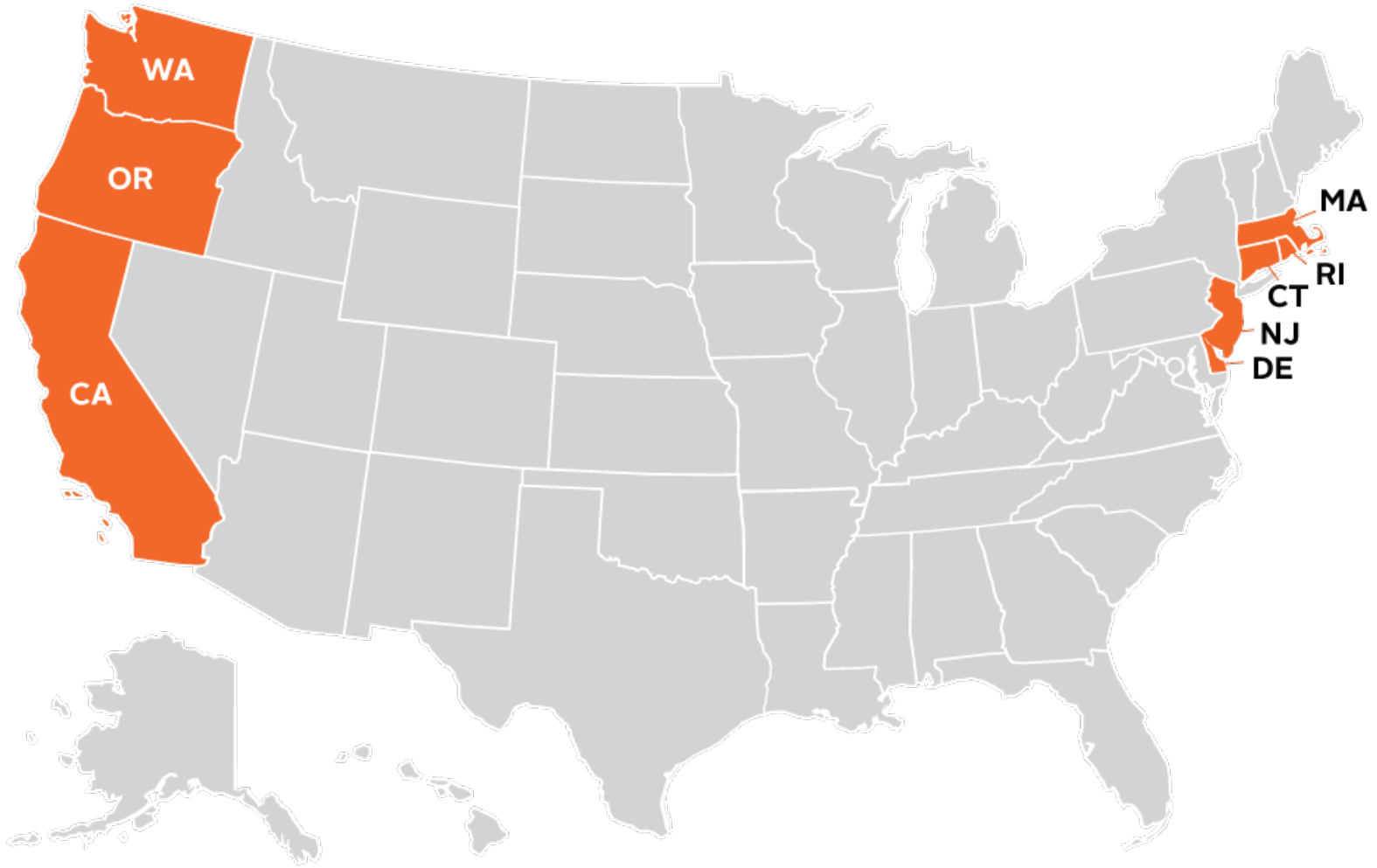
- Expertise in innovative medicine
- Expertise in representing the health care workforce
- Expertise as a purchaser of health insurance

HEALTH POLICY COMMISSION BOARD
Deborah Devaux, Chair

EXECUTIVE DIRECTOR
David Seltz

ADVISORY COUNCIL

Eight states have now established statewide health care cost growth targets, cumulatively representing one in five residents in the U.S.



How states use cost-growth benchmark programs to contain health care costs. The National Academy for State Health Policy. (2022, February 1). Retrieved from https://www.nashp.org/how-states-use-cost-growth-benchmark-programs-to-contain-health-care-costs/

The HPC employs four core strategies to realize its vision of better care, better health, and lower costs for all people of the Commonwealth.

RESEARCH AND REPORT

Investigate, analyze, and report trends and insights

WATCHDOG

Monitor and intervene when necessary to assure market performance

PARTNER

Engage with individuals, groups, and organizations to achieve mutual goals

CONVENE

Bring together stakeholder community to influence their actions on a topic or problem

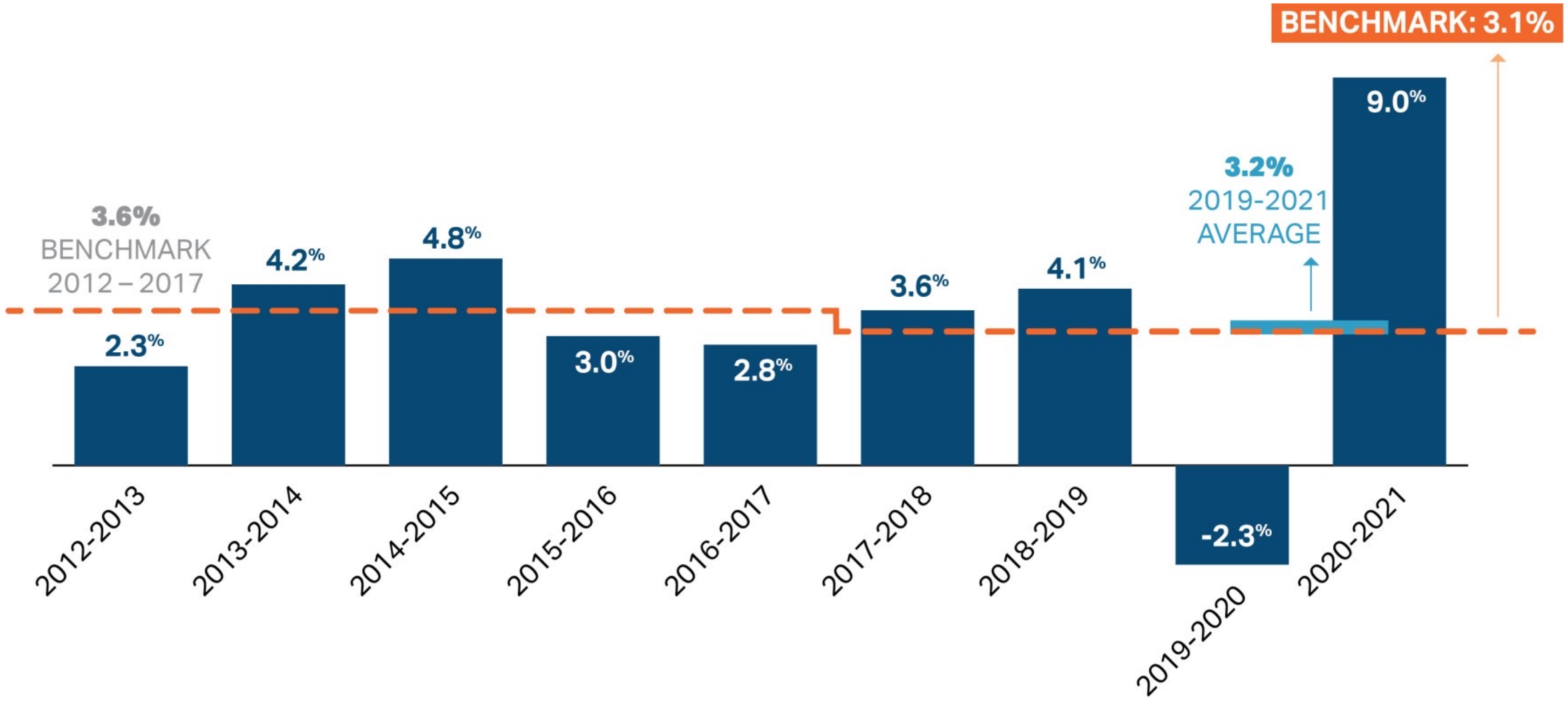
Agenda

The Massachusetts Health Policy Commission

HEALTH CARE SPENDING AND PRICING TRENDS

HPC 2023 Policy Recommendations

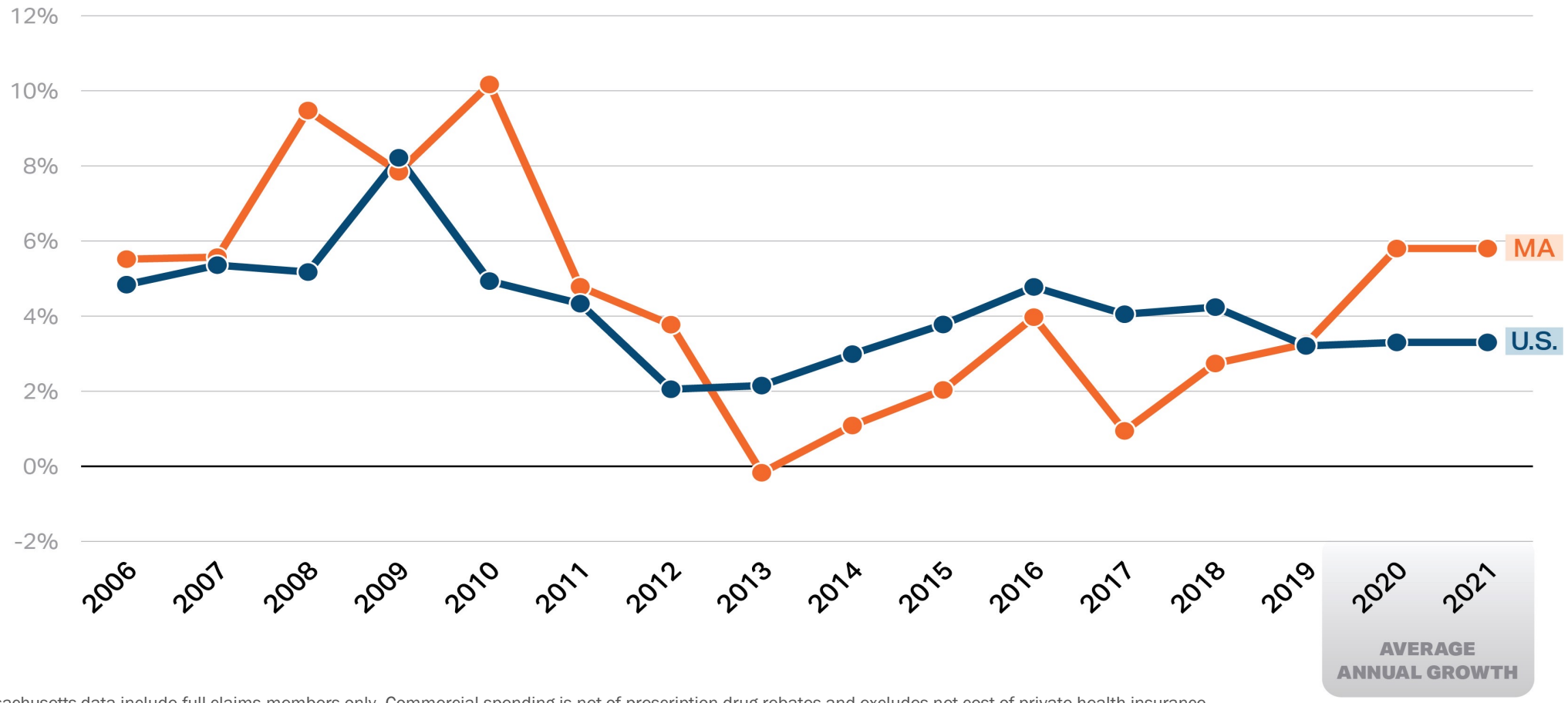
Total health care spending growth in Massachusetts was above the benchmark, on average, from 2017 – 2021.



Source: Massachusetts Health Policy Commission 2023 Annual Cost Trends Report

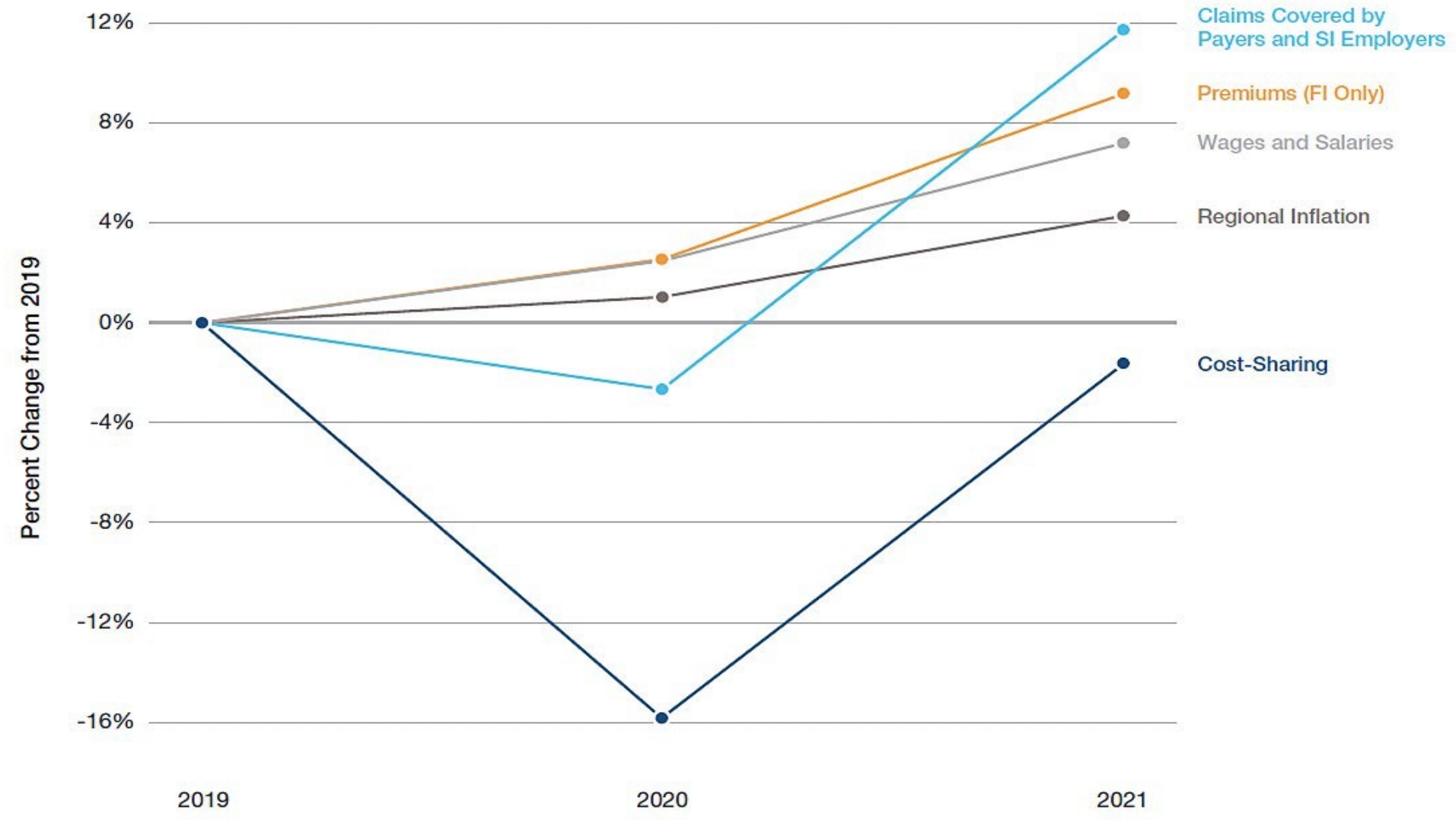
Commercial spending growth was substantially above the benchmark and the U.S. average from 2019 – 2021.

Annual growth in per capita commercial health care spending, Massachusetts and the U.S., 2006-2021. Data for 2020 and 2021 represent average annual growth from 2019-2021. Other data points represent growth from the previous year to the year shown.



Notes: Massachusetts data include full-claims members only. Commercial spending is net of prescription drug rebates and excludes net cost of private health insurance.
Sources: Centers for Medicare and Medicaid Services, National Healthcare Expenditure Accounts Personal Health Care Expenditures, 2014-2021 and State Healthcare Expenditure Accounts 2005-2014; Center for Health Information and Analysis, Total Health Care Expenditures, 2014-2021.

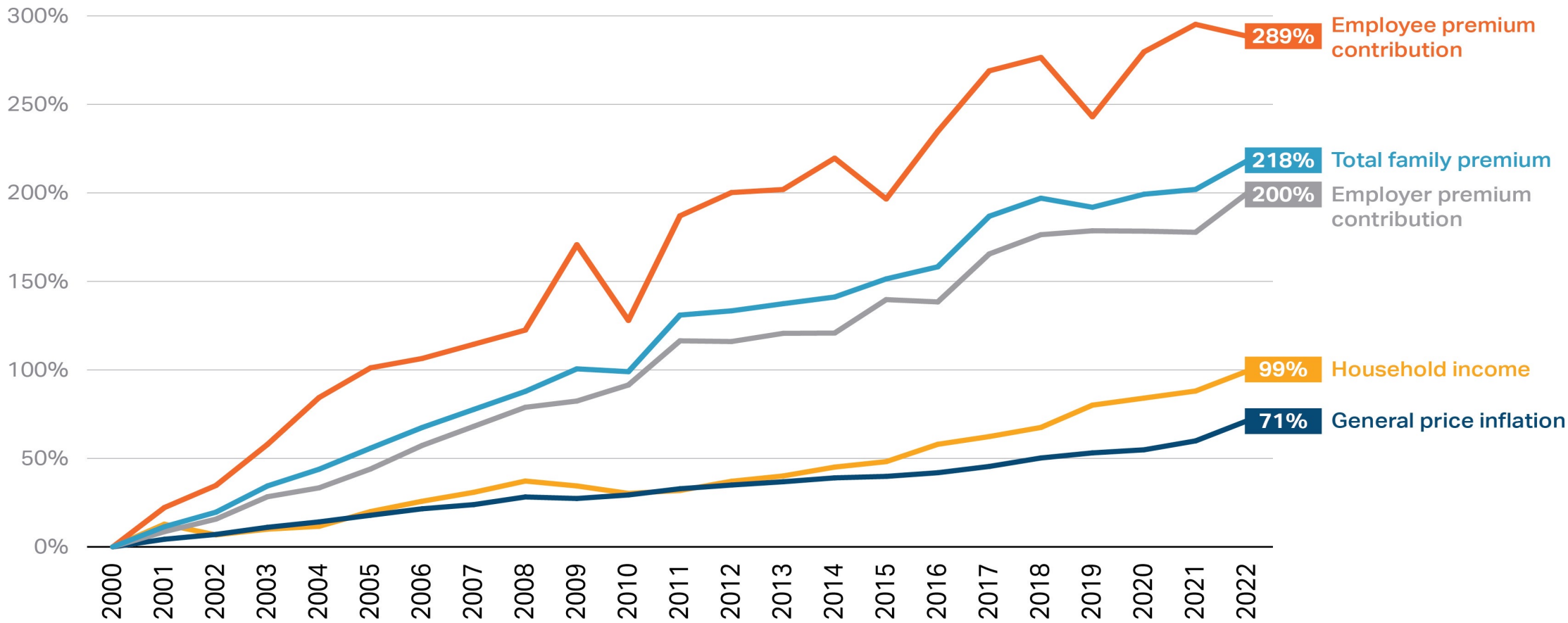
Growth in health insurance premiums and claims spending outpaced wages and inflation in Massachusetts from 2019 – 2021.



Source: CHIA Annual Report on the Performance of the Massachusetts Health Care System, 2023: https://www.chiamass.gov/annual-report/.

In total, Massachusetts health insurance premiums have grown more than twice as fast as income and three times as fast as inflation since 2000.

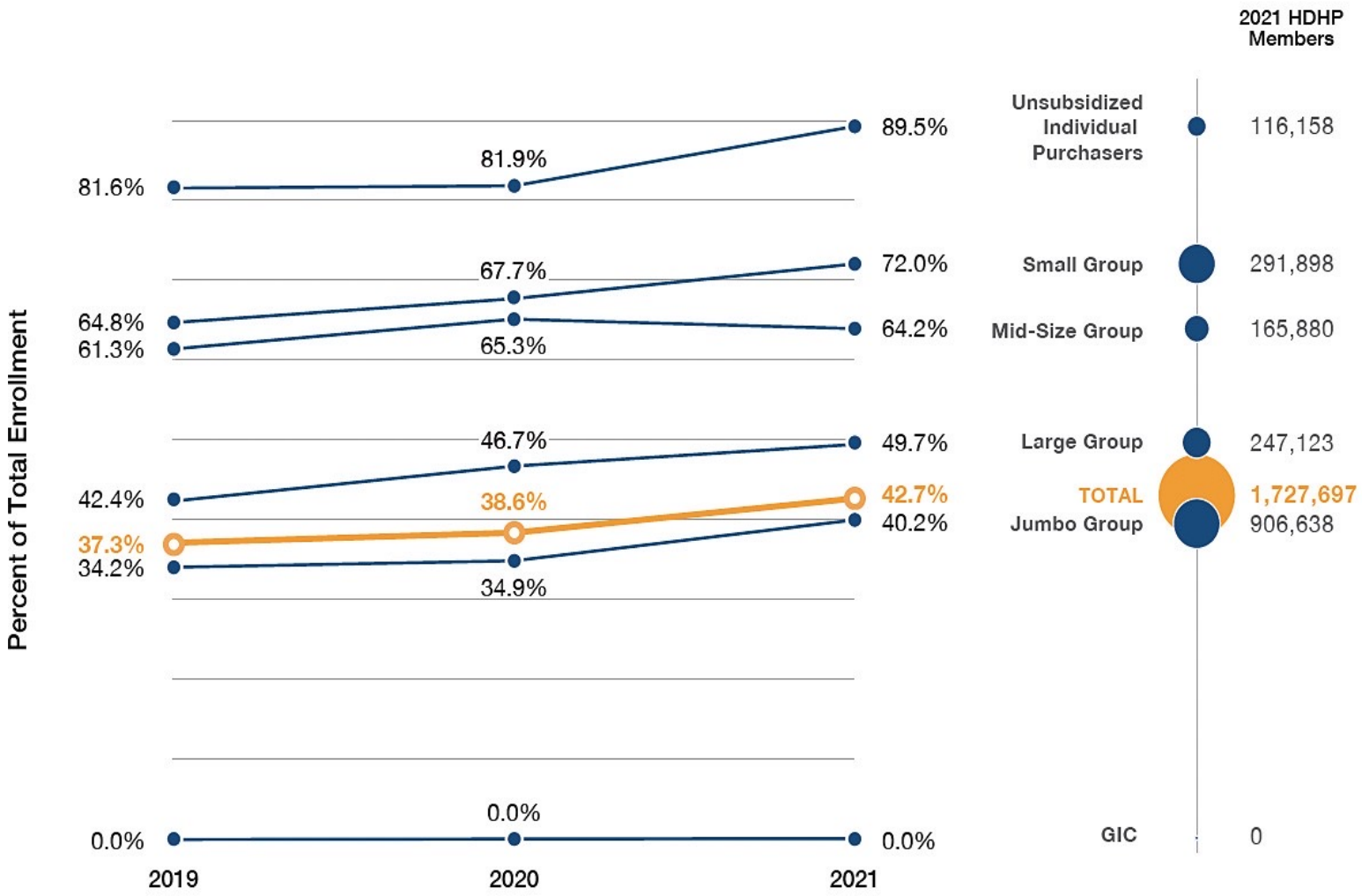
Cumulative growth in each indicator, 2000-2022



Notes: Employee contributions to family health insurance premiums have increased as a share of the total premium from 21% in 2000 to 25% in 2022.
Sources: Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey-Insurance Component; Census Bureau Current Population Survey (2000-2004); American Community Survey, 1-year (2005-2022); Bureau of Labor Statistics, CPI-U.

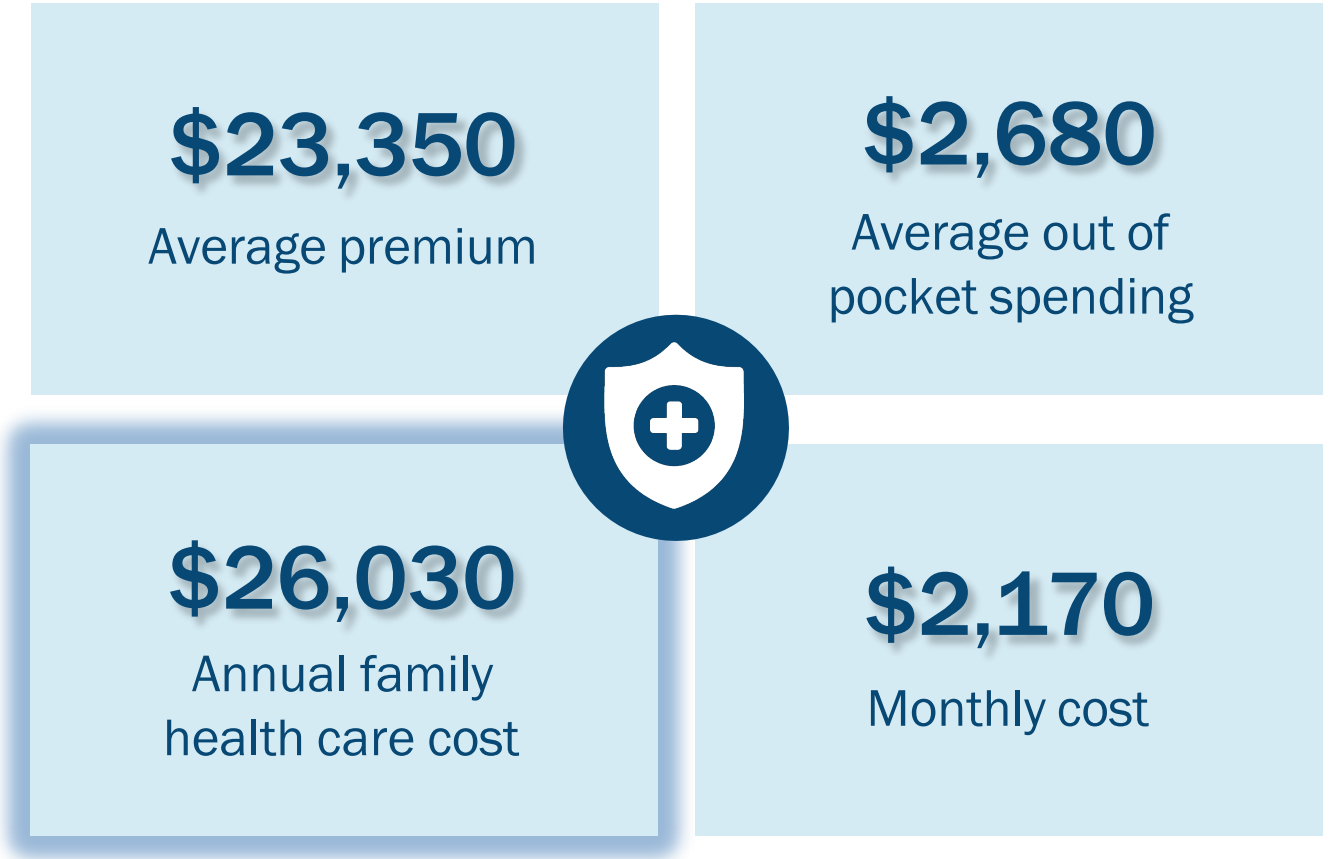
Premiums have continued to grow, even as costs have shifted to patients in the form of higher deductibles. 43% of privately insured had high deductible plans in 2021.

Percentage of commercially-insured Massachusetts residents with high-deductible plans



Source: CHIA Annual Report on the Performance of the Massachusetts Health Care System: https://www.chiamass.gov/annual-report/.
Notes: High deductible defined as individual deductibles greater than $1,400 in 2020 and 2021 and $1,350 in 2019.

After years of growth, the average cost of insurance for a family in Massachusetts reached $26,000 in 2022.

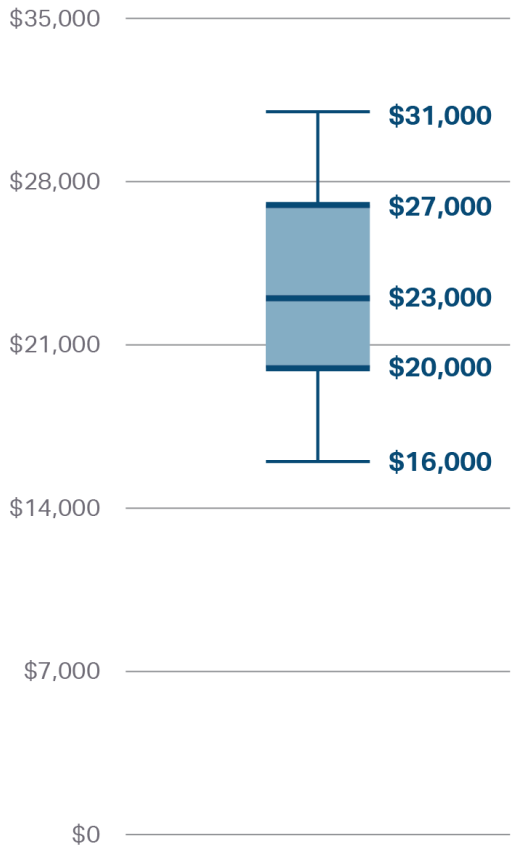


NATIONALLY, PREMIUMS ROSE AN ADDITIONAL 7% IN 2023

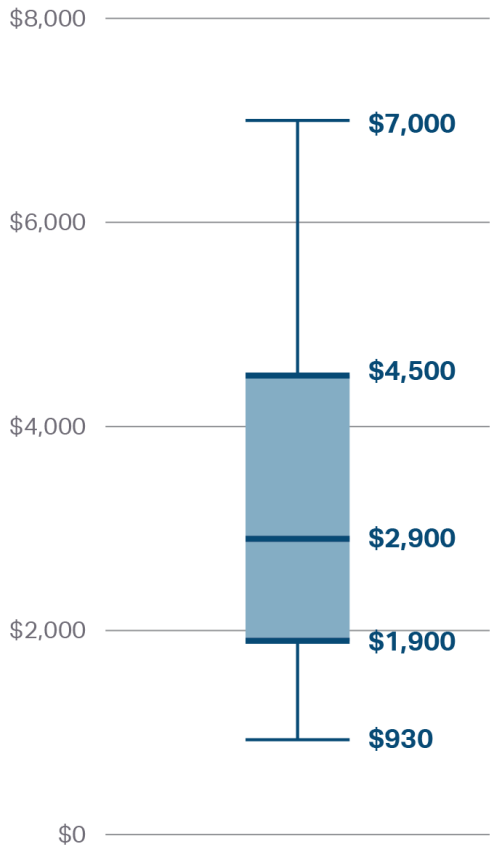
Notes: Cost sharing amount based on data on cost sharing relative to premium payments in 2021 from CHIA Annual Report, 2023. Source: Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey-Insurance Component and Center for Health Information and Analysis, Annual Report, 2023.

Many residents face premiums and deductibles much higher than these averages. 10% of residents had premiums over $31,000 and/or deductibles over $7,000.

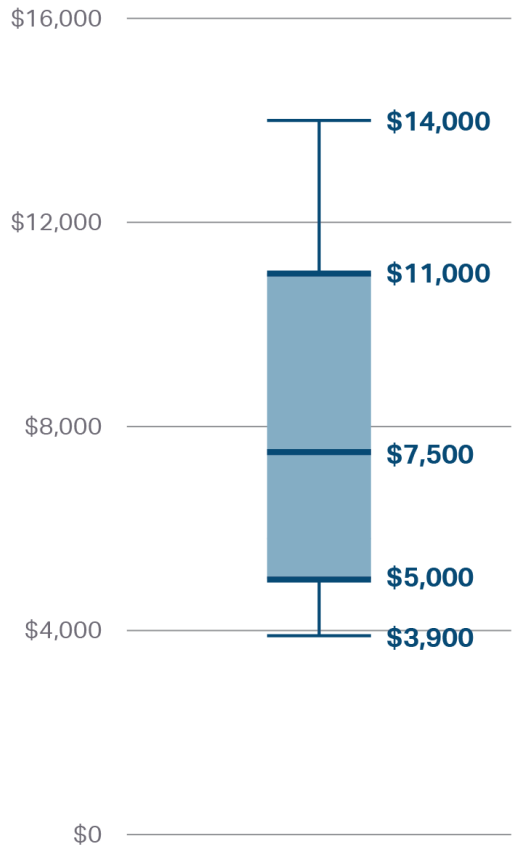
Premiums

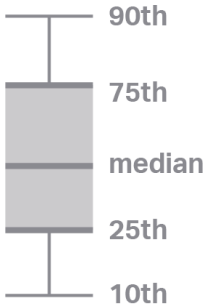


Deductible



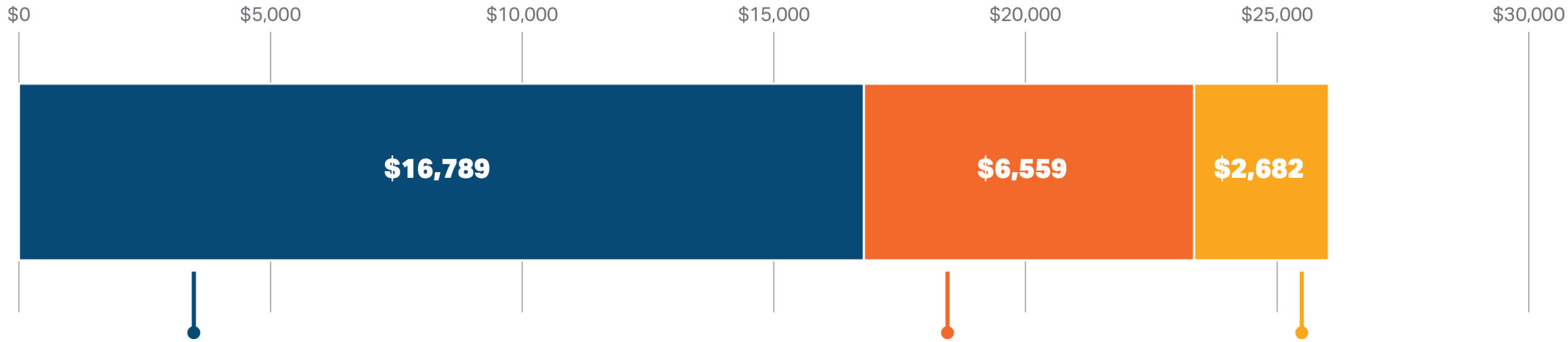
Out-of-Pocket Maximum





Source: Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey-Insurance Component. Data for Massachusetts, 2022.

Where does the $26,000 in average family health care costs come from?



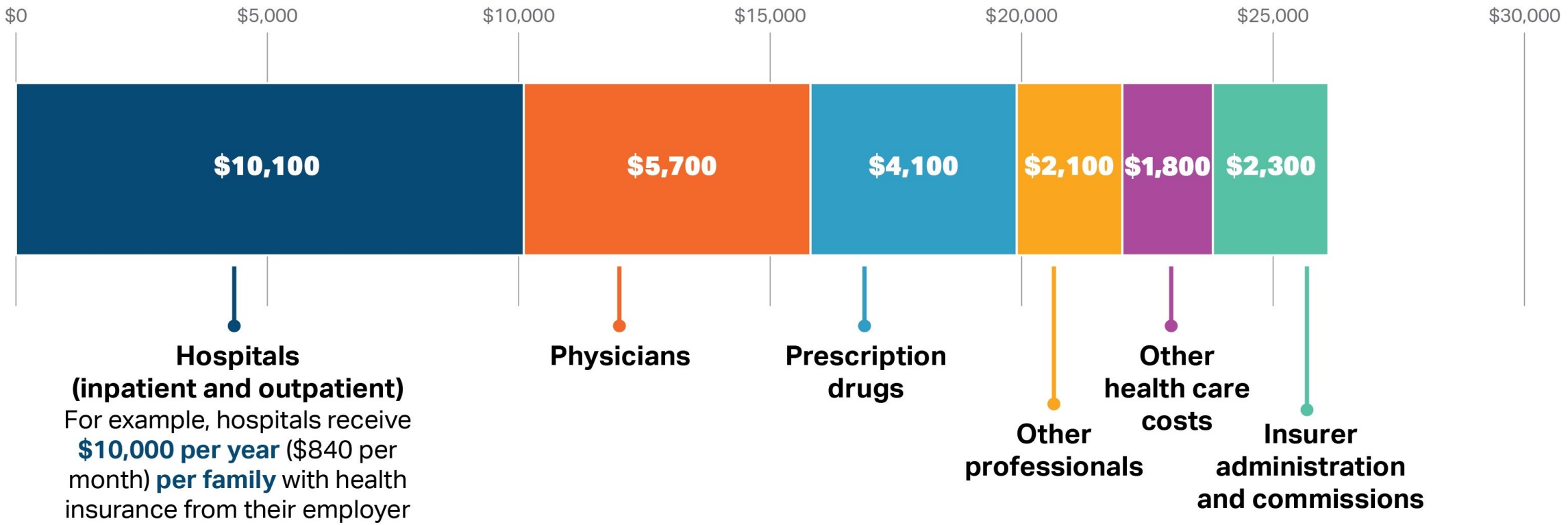
Employer contribution
The amount 'paid' by the employer **subtracted** from money that would otherwise be paid as wages or other employee benefits

Employee contribution
The amount **deducted from the paychecks** of employees who elect insurance from their employer

Cost sharing
Family members pay this **when they use care**

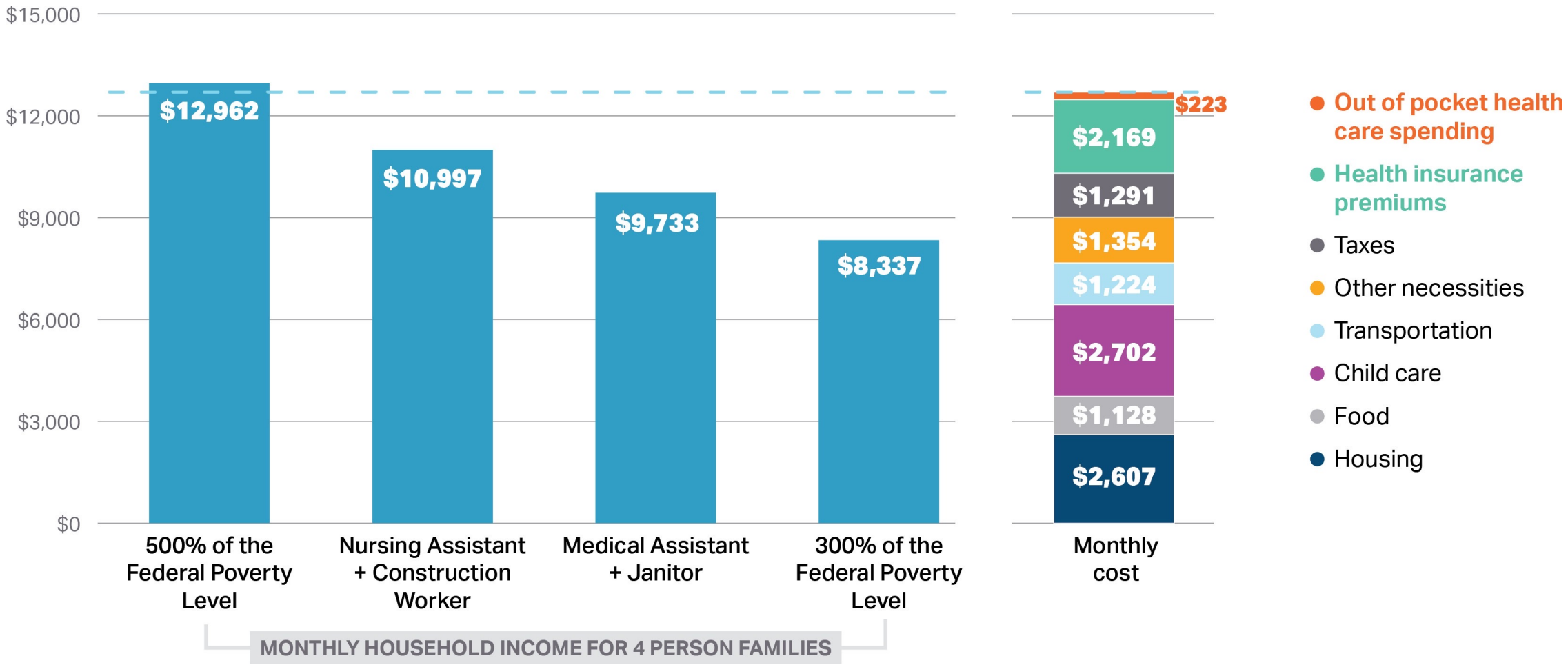
Notes: Cost sharing amount based on data on cost sharing relative to premium payments in 2021 from CHIA Annual Report, 2023.
Source: Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey-Insurance Component and Center for Health Information and Analysis, Annual Report, 2023.

Where does the $26,000 in average family health care costs go?



Notes: Prescription drug spending is net of rebates. Figures are based on breakdown of 2021 commercial spending applied to 2022 premium and out of pocket spending. Professional fees associated with care provided in hospitals or other facilities is included in the "Physicians" or "Other professionals" categories.
Source: Total Medical Expenditures data obtained from the Center for Health Information and Analysis. CHIA Annual Report on the performance of the Massachusetts health care system, 2023.

Added to other basic costs of living, health care costs at this level require sacrifices in other areas of life for many Massachusetts families.



Notes: The average employer premium contribution is added back to income. Health insurance premiums include employer portion. Family of 4 includes a 4 year old, an 8 year old, and two adults. Costs are for a family in the Boston metro area.
Data sources: Economic Policy Institute (cost of living for Boston Metro Area family of 4) https://www.epi.org/resources/budget/. AHRQ MEPS-IC (premiums), CHIA Annual Report (out of pocket).

Reducing excessive health care spending is essential to achieving an affordable, equitable, and accessible health care system for all residents of Massachusetts.

- **These trends are unsustainable for government, employers (particularly small businesses), and residents.**
  - The current trajectory of commercial spending growth will continue to **erode take-home pay, increase avoidance of care, worsen health outcomes**, and will require more and more residents to **choose between health care and other basic needs**.
- Limiting the future growth of health care spending will require identifying **areas where spending growth can be moderated without harming access to and quality of care**, particularly as policymakers and the HPC have identified the **need for investments** in **primary care, behavioral health care, health equity, the health care workforce,** and in **under-resourced providers**.

Prescription drugs and hospital outpatient services were leading drivers of commercial spending growth from 2019-2021.

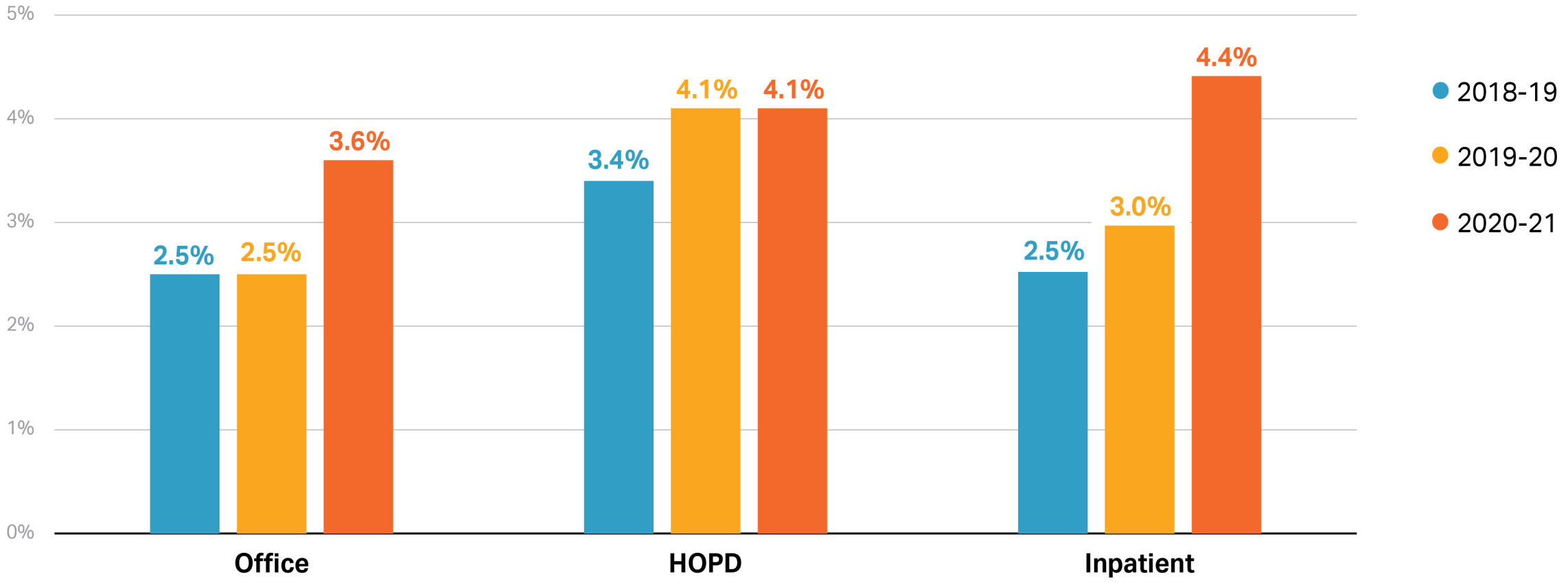
Annual per-member growth rate in spending between 2019-2021

- **Retail prescription drugs (net of rebates): 7.7%**
- **Hospital outpatient services: 5.4%**
  - Facility spending: 6.5%
  - Professional spending: 1.7%
- **Hospital inpatient services: 4.3%**
  - Facility spending: 4.8%
  - Professional spending: 1.6%
- **Office, urgent care, retail clinic: 1.2%**

Notes: Average rebate percentages are applied to retail prescription drug spending but not clinician-administered drug spending. Clinician-administered drug spending includes the professional spending associated with these encounters. Hospital outpatient spending includes some additional settings that bill on facility claims (UB-04) such as Ambulatory Surgical Centers.
Sources: HPC analysis of the Massachusetts All Payer Claims Database. Retail drug analysis and per-member spending analysis examining retail and clinician-administered drug exclude Anthem.

Price growth accelerated in 2021 and accounts for the majority of commercial spending growth.

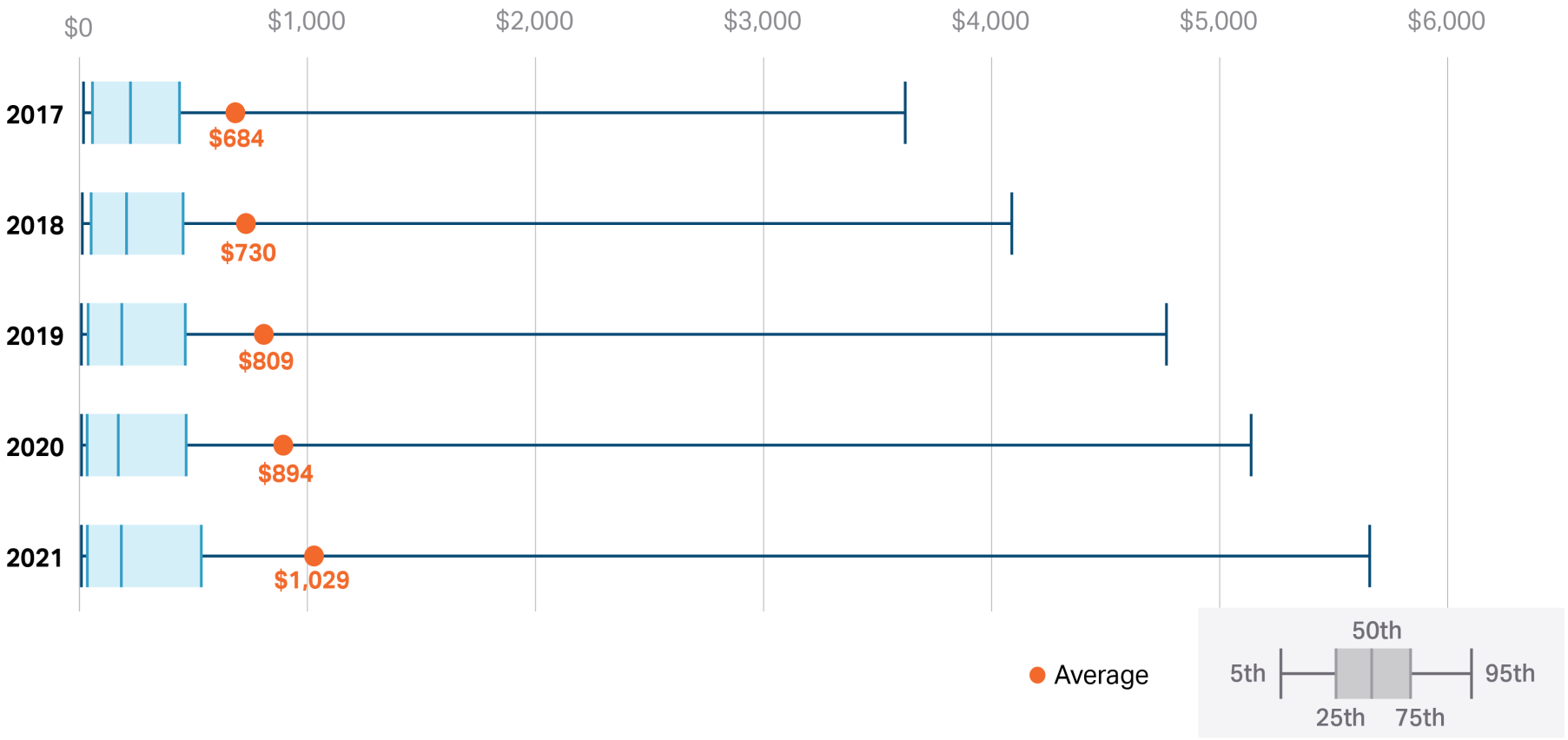
Annual percentage increase in aggregate prices by setting, 2018-2021



Notes: Only procedure codes that were billed from 2018 through 2021 were included (thus, COVID-related services are excluded). HOPD and office price growth includes both facility and professional spending. Price growth is computed at the level of a procedure code encounter. Procedure code encounters are defined as the same person, same date of service, and the same procedure code to capture the potential for both facility and professional claims billed on the same day for the same service based on the setting. The inpatient stay price growth reflects change in payment for inpatient stay divided by APR-DRG weight (case-mix adjusted). Payment growth for inpatient stays include all services provided during the hospital stay. Procedures codes with fewer than 20 services or $1,000 in aggregate spending during the period were excluded. Percent changes were weighted by the most contemporary aggregate spending for each procedure code (e.g., 2019 for the 2018-19 period).
Sources: HPC Annual Cost Trends Report, 2023.

Average commercial prices (gross) for branded prescription drugs increased 15% in 2021 to over $1,000 per prescription, with 6% of prescriptions exceeding $5,000.

Gross spending distribution per branded prescription, 2017-2021

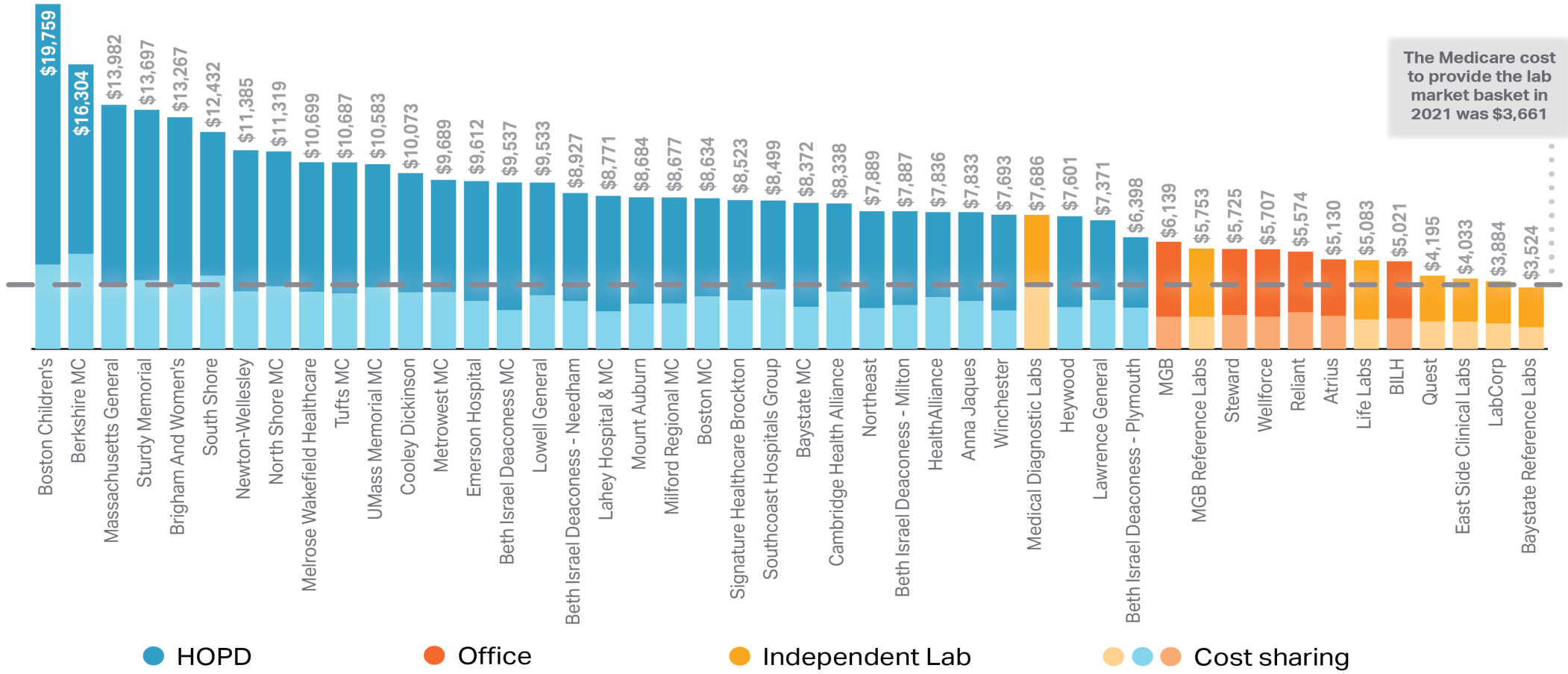


The price of generic drugs has remained stable, with average spending of $30 per prescription in 2017 and $31 in 2021.

Notes: Claims with implausible spending and cost-sharing values were excluded. COVID-19 vaccines were excluded from analysis in 2021.
Sources: HPC analysis of the Center for Health Information and Analysis (CHIA) All-Payer Claims database, 2017-2021. Data for 4 large payers were included in the analysis.

Price variation is very high even for commodity-like basic services

Total cost of a fixed laboratory services market basket, including cost-sharing, among Massachusetts providers in 2021

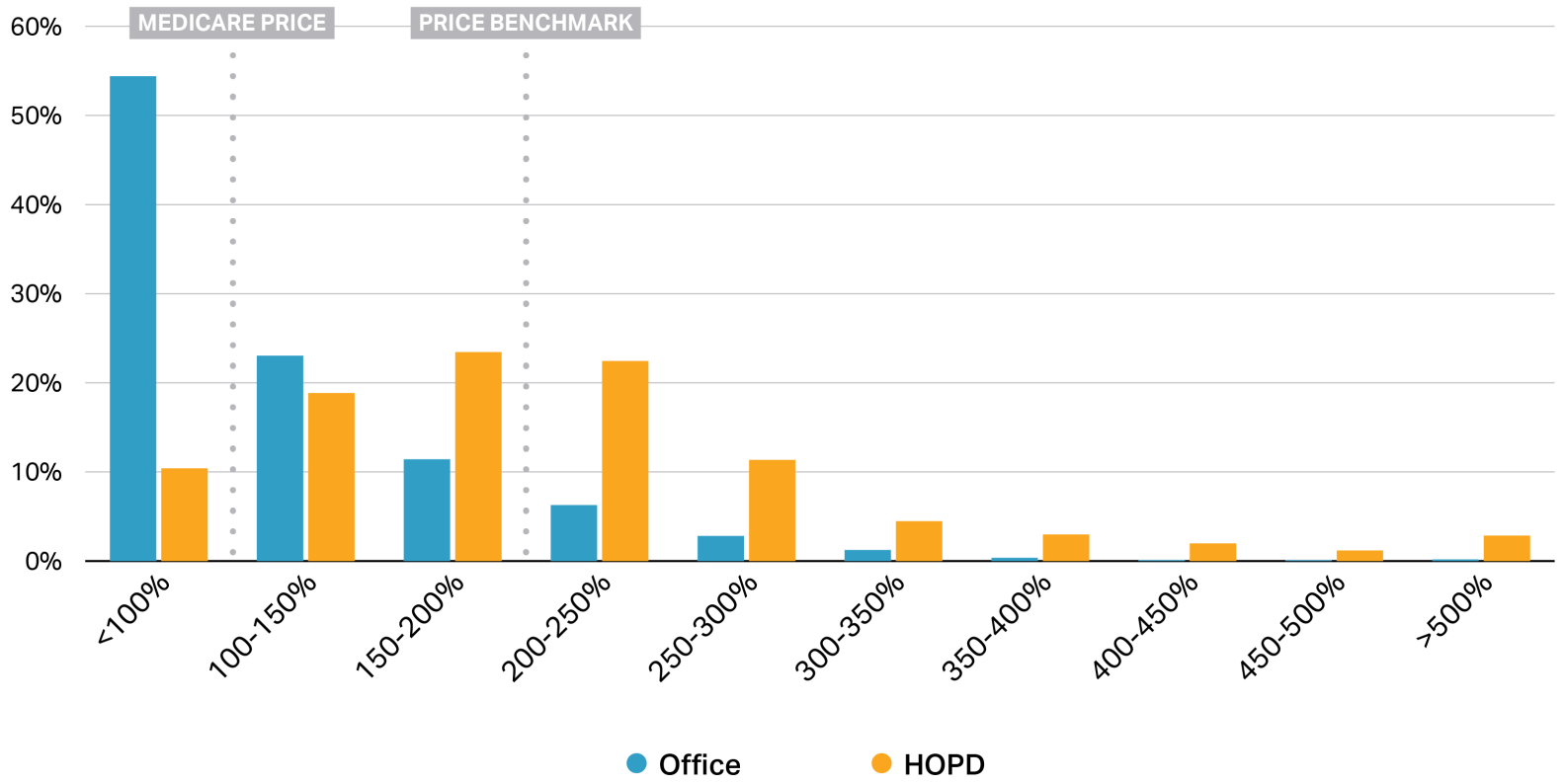


Notes: The index represents the cost of the same 50 lab services in each hospital or provider shown, weighted by total statewide spending on each lab in 2019 and using the average price of each lab for each provider in 2021. Providers with fewer than 20 service encounters for any individual procedure code have imputed values (statewide mean price) for that procedure code and are not included if more than 20 procedure codes would need to be imputed.

Sources: HPC analysis of the Center for Health Information and Analysis (CHIA) All-Payer Claims Database, 2019-2021, V 2021. Data for 5 large payers were included in the analysis; HPC analysis of information from the Centers for Medicare and Medicaid Services, Clinical Laboratory Fee Schedule (2021).

47% of imaging services performed in 2021 in HOPD settings were paid in excess of 200% of Medicare's HOPD price.

Percentage of imaging services paid at shown ranges relative to what Medicare would pay a HOPD, by setting of care, 2021



Note: Includes encounters for all Medicare covered imaging services. Benchmarks are applied at the level of a procedure code, and reflect the Medicare Physician Fee Schedule professional component and facility payment from the Outpatient Prospective Payment System (OPPS). For services where there is no corresponding OPPS payment (e.g., mammography), the global MPFS payment amount (which corresponds to the entire payment for relevant professional and technical components of an when delivered in an office setting) was applied. Percentages are calculated as the aggregate utilization in each bin divided by total utilization for each care setting.
Sources: HPC analysis of the Center for Health Information and Analysis (CHIA) All-Payer Claims Database, 2021, V 2021; HPC analysis of information from the Centers for Medicare and Medicaid Services, Medicare Physician Fee Schedule (2021)

- Imaging services make up approximately 5.5% of commercial health care spending.
- 47% of imaging services performed in HOPDs were paid more than 200% of Medicare's HOPD price, as were 11% of imaging services performed in an office setting.
- 22.5% of all imaging spending was above 200% of Medicare's HOPD price.

Overall, 27% of spending in the following categories was found to be excessive due to high prices. This excessive spending amounted to $3.0 billion in 2021.

Estimated excessive spending using example benchmark for seven service categories, 2021

Service category	Modeled spending (millions), 2021	Price benchmark	% of spending over the price benchmark	Excessive spending ($, millions)	Excessive spending (% of TME)
Labs	$970M	200% of Medicare	22.9%	$220M	0.9%
Specialty Services	$620	200% of Medicare (Office)	35.4%	$220	0.9%
Imaging	$1,380	200% of Medicare – HOPD	18.8%	$260	1.0%
Endoscopy/Colonoscopy	$340	200% of Medicare	4.4%	$10	0.06%
Inpatient Stays	$3,620	200% of MassHealth	10.7%	$390	1.4%
Clinician-Administered drugs	$650	200% of Medicare	5.8%	$40	0.2%
Prescription Drugs	$3,580	120% of international prices	51.9%	$1,860	7.5%
Total	$11,150 (45% of TME)		**26.9%**	$3,000 (12.0% of TME)	**12.0%**

Notes: *To calculate total excessive spending, the HPC used the more conservative imaging benchmark, 200% of Medicare – HOPD.

Even a modest reduction in growth of commercial spending would lead to significant savings for Massachusetts families.

If Massachusetts health care spending grew 3.6% annually from 2024 to 2030, versus the current trajectory of 5.8%:

Total commercial spending on health care would be reduced by

$23.2 billion

14% lower
family premiums and out of pocket spending ($35,300 vs. $40,900)
**in 2030*

$12,840 more
in take-home pay per worker
**2024-2030*

$2,107
Saved in out of pocket spending
**2024-2030*

Less care avoided due to cost
Fewer financial harms

Premium data based on the Medical Expenditure Panel Survey – Insurance component and data from the Massachusetts Center for Health Information and Analysis on out of pocket spending. Calculations assume a 30% family marginal tax rate and that reductions in premium spending are reflected as increases in employee wages that face federal and state taxes. Total enrollment in commercial insurance is from CHIA's enrollment trends data.

HPC 2023 Policy Recommendations: Focus on Affordability

MODERNIZE THE COMMONWEALTH'S BENCHMARK FRAMEWORK TO PRIORITIZE HEALTH CARE AFFORDABILITY AND EQUITY FOR ALL

Establish New Affordability Benchmark(s).

- To both **complement** and **bolster** the health care cost growth benchmark, the Commonwealth should develop an accountability framework for **affordability of care** for Massachusetts residents.
- As part of a strategy that tracks improvement on indicators of affordability, including the differential impact of both health plan premiums and consumer out-of-pocket spending by income, geography, market segment, and other factors, an **affordability index** should be measured annually in a benchmark-like process.
- To enable public transparency and accountability, the state's performance on the affordability index and other measures should be **incorporated into CHIA's Annual Report and the HPC's Annual Cost Trends Hearing**. Such targets should inform the development of new health plan affordability standards at the Division of Insurance (DOI) that play a central role in DOI's review and approval of health plan rates.

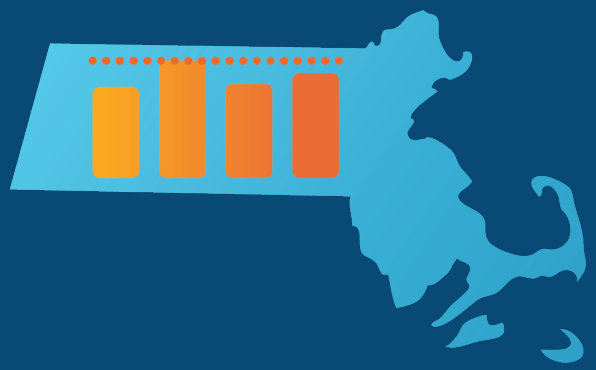
Agenda

The Massachusetts Health Policy Commission

Health Care Spending and Pricing Trends

HPC 2023 POLICY RECOMMENDATIONS

2023 Health Care Cost Trends Report Policy Recommendations



1 Modernize the Commonwealth's Benchmark Framework to Prioritize Health Care Affordability and Equity For All.

As recommended in past years, the Commonwealth should strengthen the accountability mechanisms of the benchmark such as by updating the metrics and referral standards used in performance improvement plan (PIP) process and enhance transparency and PIP enforcement tools. The state should also modernize its health care policy framework to promote affordability and equity including through the establishment of affordability and equity benchmarks.

- **Strengthen the Health Care Cost Growth Benchmark**
- **Establish New Affordability Benchmark(s)**
- **Establish New Health Equity Benchmark(s)**

2023 Health Care Cost Trends Report Policy Recommendations

2 Constrain Excessive Provider Prices.

As found in previous cost trends reports, prices continue to be the primary driver of health care spending growth in Massachusetts. To address the substantial impact of high and variable provider prices, the HPC recommends the Legislature enact limitations on excessively high commercial provider prices, establish site-neutral payments for routine ambulatory services, and adopt a default out-of-network payment rate for "surprise billing" situations.

- **Limit Excessive Provider Prices**
- **Require Site-Neutral Payment**
- **Adopt Default Out-of-Network Payment Rate**

2023 Health Care Cost Trends Report Policy Recommendations

3 Enhance Oversight of Pharmaceutical Spending.

The HPC continues to recommend that policymakers take steps to address the rapid increase in retail drug spending in Massachusetts with policy action to enhance oversight and transparency. Specific policy actions include adding pharmaceutical manufacturers and pharmacy benefit managers (PBMs) under the HPC's oversight, enabling the Center for Health Information and Analysis (CHIA) to collect comprehensive drug pricing data, requiring licensure of PBMs, expanding the HPC's drug pricing review authority, and establishing caps on monthly out-of-pocket costs for high-value prescription drugs.

- **Enhance Oversight/Transparency and Data Collection**
- **PBM Oversight**
- **Expand Drug Pricing Reviews**
- **Limit Out-of-Pocket Costs on High-Value Drugs**

2023 Health Care Cost Trends Report Policy Recommendations

4 Make Health Plans Accountable For Affordability.

The Division of Insurance (DOI) should closely monitor premium growth factors and utilize affordability targets for evaluating health plan rate filings. Policymakers should promote enrollment through the Massachusetts Connector and the expansion of alternative payment methods (APMs). Lower-income employees should be supported by reducing premium contributions through tax credits or wage-adjusted contributions.

- **Enhance Scrutiny of Drivers of Health Plan Premium Growth**
- **Facilitate Small Business Enrollment in Massachusetts Connector Plans**
- **Improve Health Equity Through Premium Support for Employees with Lower Incomes**
- **Alternative Payment Methods (APMs)**

2023 Health Care Cost Trends Report Policy Recommendations

5 Advance Health Equity For All.

To address enduring health inequities in Massachusetts, the state must invest in affordable housing, improved food and transportation systems, and solutions to mitigate the impact of climate change. Payer-provider contracts should enforce health equity via performance data stratification and link payments to meeting equity targets. Payers should commit to the adoption of the data standards recommended by the Health Equity Data Standards Technical Advisory Group, and efforts should be made to ensure that the health care workforce reflects the diversity of the state's population.

- **Address Social Determinants of Health**
- **Use Payer-Provider Contracts to Advance Health Equity**
- **Improve Data Collection**
- **Support Investment in Innovative Strategies to Address Health Equity**
- **Reduce Inequities in Maternal Health**

2023 Health Care Cost Trends Report Policy Recommendations

6 Reduce Administrative Complexity.

The Legislature should require standardization in payer claims administration and processing, build upon the momentum from recent federal initiatives, and require automation of prior authorization processes, and mandate the adoption of a standardized measure set to reduce reporting burdens and ensure consistency.

- **Require Greater Standardization in Payer Processes**
- **Automate Prior Authorization**
- **Mandate Adoption of the Aligned Quality Measure Set**

2023 Health Care Cost Trends Report Policy Recommendations

7 Strengthen Tools to Monitor the Provider Market and Align the Supply and Distribution of Services With Community Need.

The HPC recommends enhanced regulatory measures including focused, data-driven assessments of service supply and distribution based on identified needs and updates to the state's existing regulatory tools such as the Essential Services Closures process, the Determination of Need (DoN) program, and the HPC's material change notice (MCN) oversight authority.

- **Conduct Focused Assessments of Need, Supply, and Distribution**
- **Strengthen Tools to Monitor and Regulate Supply of Health Care Services**
- **Enhance the HPC's Market Oversight Authority of For-Profit Investment**

2023 Health Care Cost Trends Report Policy Recommendations

8 Support and Invest in the Commonwealth's Health Care Workforce.

The state and health care organizations should build on recent state investments to stabilize and strengthen the health care workforce. The Commonwealth should offer initial financial assistance to ease the costs of education and training, minimize entry barriers, explore policy adjustments for improved wages in underserved sectors, and should adopt the Nurse Licensure Compact to simplify hiring from other states. Health care delivery organizations should invest in their workforces, improve working conditions, provide opportunities for advancement, improve compensation for non-clinical staff (e.g., community health workers, community navigators, and peer recovery coaches) and take collaborative steps to enhance workforce diversity.

- **Public Investments and Policy Change**
- **Health Care Delivery Organizations Should Invest in their Workforces**
- **Ensure Adequate Compensation for Non-Clinical Workforces**
- **Support Workforce Diversity**

2023 Health Care Cost Trends Report Policy Recommendations

9 Strengthen Primary and Behavioral Health Care.

Payers and providers should increase investment in primary care and behavioral health while adhering to cost growth benchmarks. Addressing the need for behavioral health services involves measures such as enhancing access to appropriate care, expanding inpatient beds, investing in community-based alternatives, aligning the behavioral health workforce to current needs, employing telehealth, and improving access to treatment for opioid use disorder particularly in places where existing inequities present barriers.

- **Focus Investment in Primary Care and Behavioral Health Care**
- **Increase Access to Behavioral Health Services**
- **Improve Access to Treatment for Opioid Use Disorder**

IV. AUDIT SERVICES PROCUREMENT STAFF RECOMMENDATION

James Rust,
Chief Financial Officer

Procurement Overview

During the last few months, the GIC conducted a procurement for healthcare claims audit services. The selected vendor will provide the following services:

- Evaluate the performance and compliance of the GIC's medical plans to GIC contractual requirements and adherence to plan design
  - Measure and evaluate their performance against appropriate benchmarks
- Audit the GIC's prescription benefits manager (PBM) for compliance with pricing, plan design, and contractual obligations
- For the first time, audit the health plans' mental health parity compliance with all applicable laws, regulations and contractual obligations
- Provide recommendations for remediation and improvement in any areas where there were findings
- Conduct post audit meetings with the GIC and audited vendor to implement a performance improvement plan

Timeline

- The Request for Response (RFR) was posted to COMMBUYS on August 16
- A bidders' conference was held on August 28
- Bids were submitted September 13

Two qualified bidders responded and passed the threshold review:

- Claims Technology Incorporated (CTI) - the incumbent auditor
- Myers and Stauffer

- Finalist interviews were held the week of October 16th - 20th

- Best and Final Offers (BAFOs) opportunities were offered to both bidders to clarify certain aspects of their submission and revise their cost proposal
  - Submitted October 31st

- Recommendation to proceed with the apparent successful bidder at November 16th Commission Meeting

Evaluation Overview

Bidders were evaluated on the following factors:

- Technical Proposal
  - Audit approach and qualifications of team
- Cost proposal
  - Both price and value offered by the proposed team
- Supplier Diversity Program (SDP) commitment
- Interviews
- References

Both bidders were evaluated as highly qualified and invited to finalist interviews

- Both bidders were ultimately scored very similarly and are very capable of performing the desired services and we thank them for their bids

Results and Recommendation

Based on the final scores below, the GIC Healthcare Claims Audit Services procurement team recommends that the Commission enter into contract negotiations, for a two-year contract with two one-year options for GIC to renew, with the apparent successful bidder, **Claim Technologies, Incorporated (CTI)**.

Bidder	SDP Plan	Technical Proposal	Cost Proposal *	Finalist Interview	Subtotal	References	Best Value	TOTAL	Rank
Maximum Points	**25**	**30**	**20**	**15**	**90**	**5**	**5**	**100**	
CTI	18	23.76	18.7	10.6	71.06	5	3	79.06	1
M&S	12	22.62	20	11.4	66.02	5	--	71.02	2

*Best Value points were awarded to CTI in part due to its commitment to make legal specialists in mental health parity available for consult with the GIC.

Motion

That the Commission hereby approves the staff's recommendation to enter contract negotiations with Claims Technology Incorporated as the apparent successful bidder to provide Healthcare Claims Audit Services beginning in January 2024

V. CFO REPORT (INFORM)

James Rust,
Chief Financial Officer

FY2024 State Share Expense for GIC Premium Accounts

FY24 STATE SHARE EXPENSE FOR GIC PREMIUM ACCOUNTS (2023)	July	August	September	October	TOTAL
Allways Health Claims	$7,941,302	$7,075,611	$6,394,346	$7,350,156	$28,761,414
Caremark/Express Scripts/SilverScript Claims	$90,707,800	$51,523,663	$83,689,653	$79,254,037	$305,175,152
Davis Vision Claims	$35,528	$38,889	$36,053	$37,020	$147,489
Fallon Health Claims	$18,123	-$71,235	$15,818	$5,069	-$32,225
Harvard Pilgrim Claims	$68,691,802	$69,025,364	$56,744,370	$72,683,934	$267,145,470
Health New England Claims	$8,491,758	$7,654,895	$6,987,360	$9,227,780	$32,361,793
Tufts Navigator Claims	$23,364,960	$10,158,994	$2,919,241	$2,405,218	$38,848,413
Tufts Spirit and Medicare Complement Claims	$3,149,263	$2,064,784	$1,008,432	$538,279	$6,760,758
Unicare Claims	$92,560,274	$68,076,273	$58,372,473	$57,450,752	$276,459,771
Other costs	$1,622,208	$122,615	$246,423	$189,455	$2,180,701
Claims sub-total	**$296,583,017**	**$215,669,852**	**$216,414,170**	**$229,141,699**	**$957,808,738**
Basic Life	$805,334	$804,970	$805,835	$805,892	$3,222,031
Optional Life	$0	$0	$0	$0	$0
RMT Life	$46,011	$45,954	$46,156	$46,281	$184,402
Long-Term Disability	$0	$0	$0	$0	$0
Dental	$871,144	$869,754	$872,032	$868,204	$3,481,133
Tufts Medicare Preferred	$657,460	$662,688	$663,279	$670,139	$2,653,566
UBH Optum	$77,760	$77,760	$77,760	$77,760	$311,040
ASO Administrative Fee	$7,157,064	$7,149,356	$7,137,355	$7,333,907	$28,777,683
Premiums sub-total	**$9,614,773**	**$9,610,482**	**$9,602,417**	**$9,802,182**	**$38,629,855**
TOTAL	**$306,197,790**	**$225,280,334**	**$226,016,587**	**$238,943,882**	**$996,438,593**

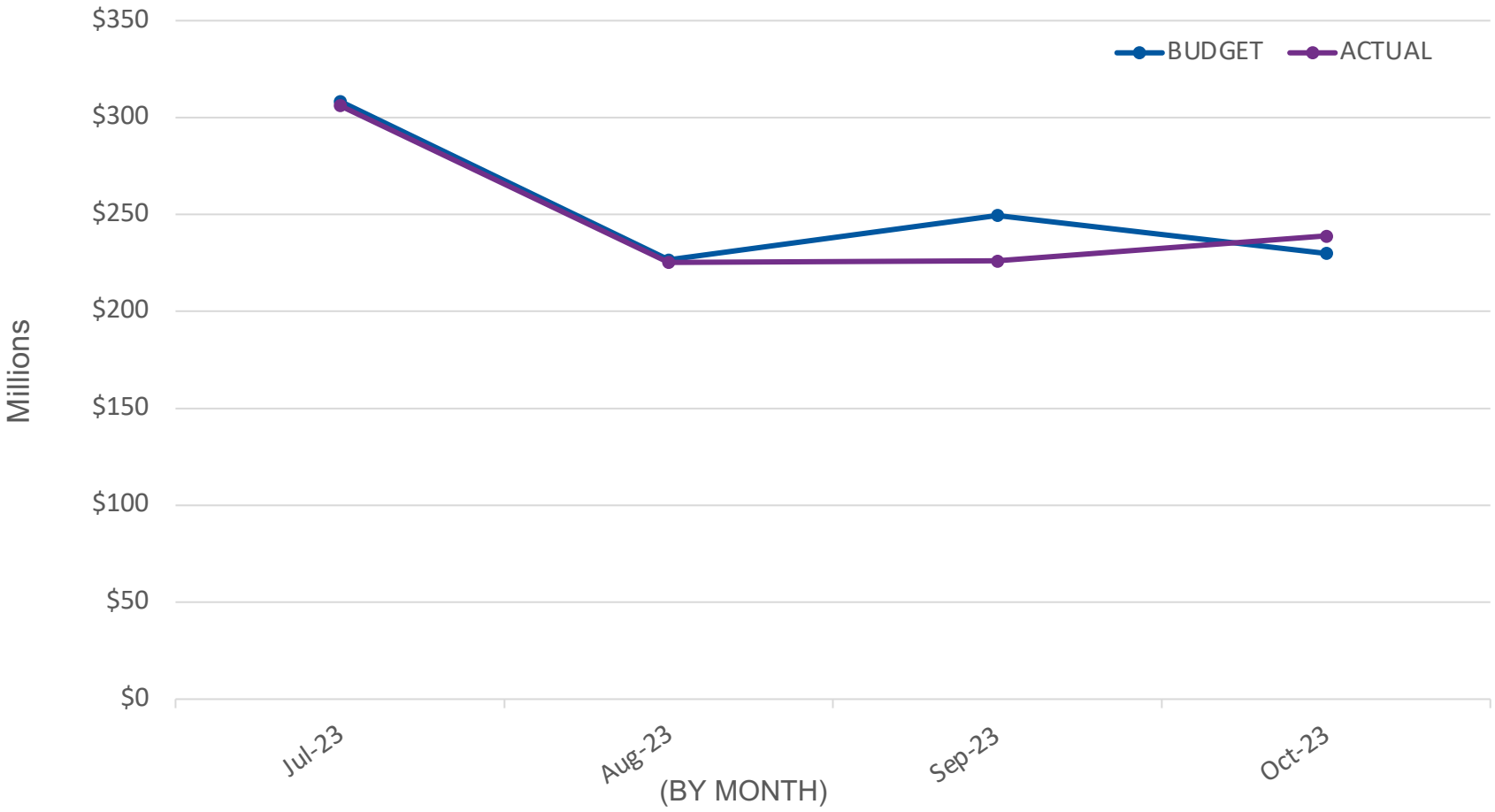
Employer state share spending through October 31st 2023

FY2024 Enrollee Share Expense for GIC Premium Accounts

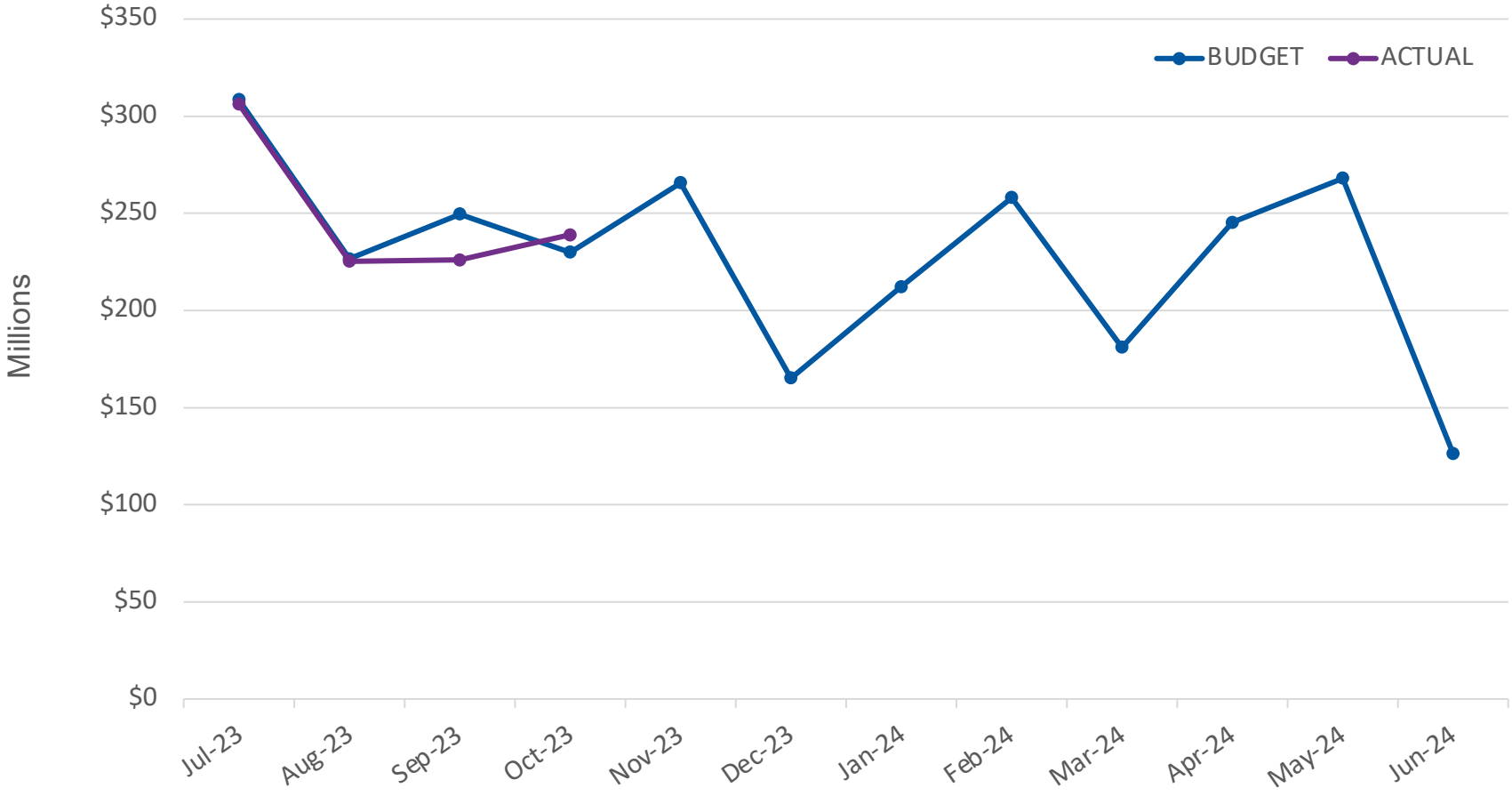
FY24 ENROLLEE SHARE EXPENSE FOR GIC PREMIUM ACCOUNTS (2023)	July	August	September	October	TOTAL
Allways Health Claims	$2,523,446	$2,295,267	$2,074,999	$2,267,886	$9,161,598
Caremark/Express Scripts/SilverScript Claims	$24,540,134	$15,354,378	$22,579,563	$21,307,646	$83,781,720
Davis Vision Claims	$6,270	$6,863	$6,362	$6,533	$26,028
Fallon Health Claims	$5,072	-$20,419	$4,678	$1,505	-$9,164
Harvard Pilgrim Claims	$20,861,852	$20,676,060	$17,034,106	$20,985,691	$79,557,709
Health New England Claims	$2,663,488	$2,400,717	$2,191,414	$2,783,739	$10,039,358
Tufts Navigator Claims	$6,546,068	$2,846,205	$817,872	$673,860	$10,884,005
Tufts Spirit and Medicare Complement Claims	$853,297	$523,089	$241,810	$134,374	$1,752,570
Unicare Claims	$26,217,216	$19,319,930	$16,679,144	$15,717,448	$77,933,738
Other costs	$0	$0	$0	$0	$0
Claims sub-total	**$84,216,843**	**$63,402,090**	**$61,629,947**	**$63,878,681**	**$273,127,561**
Basic Life	$221,289	$221,317	$221,799	$221,862	$886,267
Optional Life	$4,176,550	$4,184,305	$4,204,423	$4,211,220	$16,776,498
RMT Life	$11,249	$11,235	$11,284	$11,316	$45,084
Long-Term Disability	$1,128,494	$1,129,796	$1,180,176	$1,140,568	$4,579,034
Dental	$2,254,771	$2,259,002	$2,269,348	$2,275,976	$9,059,096
Tufts Medicare Preferred	$159,572	$161,247	$161,541	$154,681	$637,041
UBH Optum	$25,920	$25,920	$25,920	$25,920	$103,680
ASO Administrative Fee	$2,098,465	$2,097,845	$2,096,095	$1,868,525	$8,160,929
Premiums sub-total	**$10,076,310**	**$10,090,667**	**$10,170,586**	**$9,910,067**	**$40,247,629**
TOTAL	**$94,293,152**	**$73,492,756**	**$71,800,533**	**$73,788,747**	**$313,375,189**

As expected, enrollee share paid claims have an identical pattern.

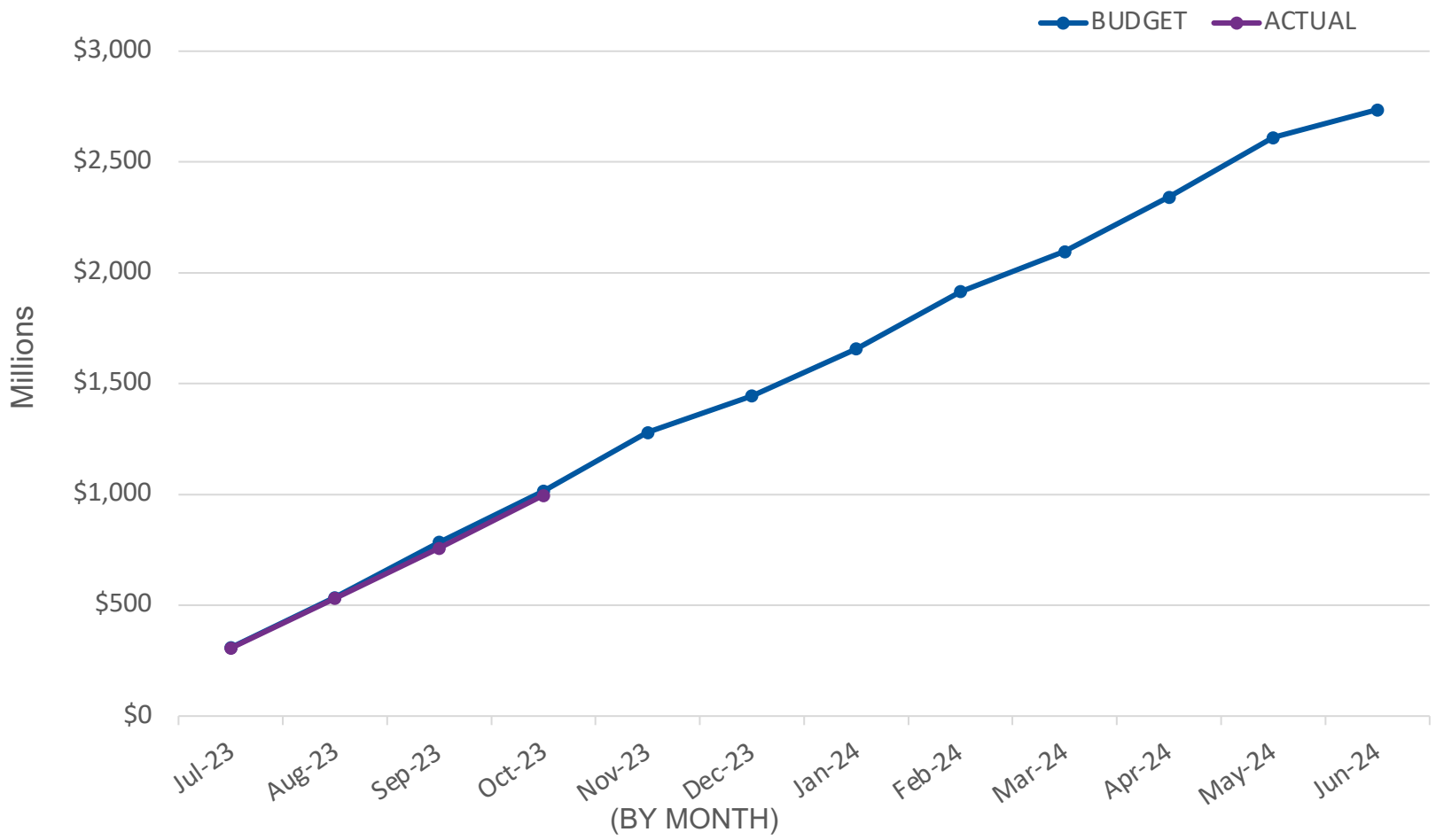
GIC Appropriation for Premium Accounts FY2024 Budgeted vs. Actual to date



GIC Appropriation for Premium Accounts FY24 Budgeted vs. Actual (By Month)



GIC Appropriation for Premium Accounts FY24 Budgeted vs. Actual to Date Cumulative



FY2024 STATE SHARE PREMIUM BUDGET FOR GIC PREMIUM ACCOUNTS AS OF OCTOBER 31, 2023

	BUDGET	EXPENSES	Under Budget/ (Over Budget)	% VAR
Basic Life & Health* Account # 1108-5200 & #1599-6152	$1,011,008,692	$992,809,970	$18,198,721	1.8%
Active Dental & Vision Benefits Account # 1108-5500	$3,597,592	$3,628,623	($31,031)	-0.9%
Total State Share YTD	**$1,014,606,284**	**$996,438,593**	**$18,167,690**	**1.8%**

OTHER BUSINESS/ADJOURNMENT

Valerie Sullivan,
Chair

FY2023 GIC Commission Meeting Schedule

Unless otherwise announced in the public notice, all meetings take place from 8:30 am - 10:30 am on the 3rd Thursday of the month. Meeting notices and materials including the agenda and presentation are available at **mass.gov/gic** under Upcoming Events prior to the meeting and under Recent Events after the meeting.

Please note:

- Anyone with Internet access can view the livestream via the MA Group Insurance Commission channel on YouTube. The meeting is recorded, so it can be replayed at any time.

Upcoming 2023 Group Insurance Commission Meetings

Appendix

- Commission Members
- GIC Leadership Team
- GIC Goals
- GIC Contact Channels

Commission Members

Valerie Sullivan, Public Member, Chair

Bobbi Kaplan, NAGE, Vice-Chair

Gary Anderson, Commissioner of Insurance

Matthew Gorzkowicz, Secretary of Administration & Finance

Elizabeth Chabot, NAGE

Patricia Jennings, Public Member

Edward Tobey Choate, Public Member

Anna Sinaiko, Health Economist

Tamara P. Davis, Public Member

Timothy D. Sullivan, Massachusetts Teachers Association

Jane Edmonds, Retiree Member

Eileen P. McAnneny, Public Member

Gerzino Guirand, Council 93, AFSCME, AFL-CIO

Melissa Murphy-Rodrigues, Mass Municipal Association

Joseph Gentile, Public Safety Member

GIC Leadership Team

Matthew A. Veno, Executive Director

Erika Scibelli, Deputy Executive Director

Emily Williams, Chief of Staff

James Rust, Chief Financial and Procurement Officer

Paul Murphy, Director of Operations

Stephanie Sutliff, Chief Information Officer

Andrew Stern, General Counsel

Brock Veidenheimer, Director of Human Resources

GIC Goals

1. Provide access to high quality, affordable benefit options for employees, retirees and dependents
2. Limit the financial liability to the state and others (of fulfilling benefit obligations) to sustainable growth rates
3. Use the GIC's leverage to innovate and otherwise favorably influence the Massachusetts healthcare market
4. Evolve business and operational environment of the GIC to better meet business demands and security standards

Contact GIC for Enrollment and Eligibility

- ☐ Enrollment
- ☐ Retirement
- ☐ Premium Payments
- ☐ Qualifying Events
- ☐ Life Insurance
- ☐ Long-Term Disability
- ☐ Information Changes
- ☐ Marital Status Change
- ☐ Other Questions

Online Contact	mass.gov/forms/contact-the-gic	Any time. Specify your preferred method of response from GIC (email, phone, mail)
Email	gicpublicinfo@mass.gov	
Telephone	(617) 727-2310, M-F from 8:45 AM to 5:00 PM	
Office location	1 Ashburton Place, Suite 1619, Boston, MA, Not open for walk-in service	
Correspondence & Paper Forms	P.O. Box 556 Randolph, MA 02368	Allow for processing time. Priority given to requests to retain or access benefits, and to reduce optional coverage during COVID-19.

Contact Your Health Carrier for Product and Coverage Questions

- Finding a Provider
- Accessing tiered doctor and hospital lists
- Determining which programs are available, like telehealth or fitness
- Understanding coverage

Health Insurance Carrier	Telephone	Website
Harvard Pilgrim Health Care	(844) 442-7324	point32health.org/gic
Health New England	(800) 842-4464	hne.com/gic
Tufts Health Plan (THP) THP Medicare Products	(800) 870-9488 (888) 333-0880	tuftshealthplan.com/gic
UniCare State Indemnity Plans Medicare Products	(833) 663-4176 (800) 442-9300	unicaremass.com
Mass General Brigham Health Plan	(866) 567-9175	massgeneralbrighamhealthplan.com/gic-members

Executive Director Report

Date: November 13, 2023
To: Group Insurance Commission
From: Matthew Veno, Executive Director
Subject: Executive Director's Report

Purpose: The purpose of this memo is to provide Commissioners with the Executive Director's report in writing. Questions and comments from Commissioners on the content of this memo are welcome during this portion of the agenda.

HUMAN RESOURCES

Staff Training update: In late September, we provided training on telephone customer service skills for the GIC Operations team staff who support our members via phone and the GIC's Salesforce-based applications. The virtual training was funded and supported by the Commonwealth's Training and Career Ladder program, with support from NAGE. The training included two sections – one focused on general telephone customer service skills, and another on dealing with difficult callers. Two separate sessions of the training were conducted so that half of the participants could remain on the phones with members while the other half participated in the program. Feedback from program participants was very favorable.

Staffing updates: We have two current jobs posted to fill openings at the GIC.

Executive Assistant/Office Administration: This employee reports to the GIC Chief of Staff (Emily Williams) and provide administrative, planning and organizational support to the Executive Director, other members of the Leadership team and the Commission, and will also provide office management support to the agency.

Auditor II (Operation Division, Audit Unit): This employee determines eligibility and processes insurance coverage documents ensuring that all applications are accurate, complete and in compliance with GIC's eligibility rules. The employee will serve as a customer service representative answering a high volume of phone calls concerning benefits and premium billing, and will manage those external interactions through GIC's Customer Relationship Management (CRM) system. Experience with employee benefit programs and billing processes is strongly preferred.

LEGISLATIVE AND MUNICIPAL AFFAIRS

- We have been contacted by two regional school districts, one municipality, and one retirement system about the possibility of enrollment through the GIC. As of this writing, Mike Berry has provided two virtual "GIC 101" presentations, with two to follow later this month.

- Executive Director Matthew Veno, Deputy Executive Director Erika Scibelli, and Government Affairs Director Mike Berry met with Senate staff to provide feedback on the Senate's "PACT Act" concerning pharmacy benefit managers, prescription drug access, and Health Policy Commission oversight.

COMMUNICATIONS

- Fall Buy Out**:** Staff has used a variety of methods to inform GIC coordinators and members about the Fall 2023 buy-out opportunity. This includes GIC benefits guides, the GIC's website, a news post and alert, an email created for coordinators to forward to members, as well as social media posts.

- The Reduction of Benefits Waiting Period (RWP)**:** The RWP project is well under way and an initial communication was sent at the end of September. The Communications team is currently working on a written update that will be sent in early December and is building out the details of the communications plan that will run from January through go-live on July 1, 2024.

- Open GIC Positions: The Communications staff continues to collaborate with GIC Human Resources to create website news posts, social media posts, and internal staff e-newsletter pieces encouraging staff to share news about open positions.

- Mass4YOU Employee Assistance Program: The Mass4YOU marketing communications strategy continues to evolve. We have reduced the number of promotion emails sent to coordinators to promote greater engagement. Previously, coordinators received two emails, the first flagging a second email that they are asked to forward to agency employees. By eliminating email one and simply adding a line at the top of the second email, coordinators now receive only one email, and it is clearer which email they're being asked to forward. This change, along with adding more live links within the email, has resulted in a higher open and click rate.

- Reminder to Medicare members: A news post and social media campaign were created to remind GIC Medicare enrollees that if they enroll in another non-GIC Medicare Part D product during Medicare Open Enrollment or anytime throughout the year, the Centers for Medicare and Medicaid Services will disenroll them from their GIC coverage. This campaign will be recycled and will serve as a regular reminder for GIC Medicare members to reduce the amount of GIC members who lose their GIC coverage.

- Ongoing Social Media Campaigns:
    - **MyGICLink Member Benefits Portal**: Monthly social media posts encourage members to register for the portal, while highlighting the many things members can do there – from checking their application status from Annual Enrollment to communicate with a benefits expert through the chat feature.
    - **Mass4YOU Employee Assistance Program (EAP)**: Monthly social media posts encourage members and non-GIC members who are eligible to explore the free Mass4YOU resources available to them, with post themes gathering inspiration from the monthly Mass4YOU emails.
    - **GIC Benefits: Did You Know?**: Staff continue to promote the *GIC Benefits: Did You Know?* campaign that informs members about benefits they can take advantage of, such as a free flu shot every year and fitness reimbursements.
    - **Massachusetts Behavioral Health Line**: Staff continues to raise awareness of the free Mass Behavioral Health Help Line available to all GIC members and Commonwealth of Massachusetts employees.