Commonwealth of Massachusetts
Group Insurance Commission

COMMISSION MEETING

November 21, 2024

MassGIC

Group Insurance Commission

MA Group Insurance Commission

Public Notice: G.L. C-30A, Sec. 20, November 19, 2024

Agenda

I. Minutes, June 20, 2024 (VOTE) Valerie Sullivan, Chair Andrew Stern, General Counsel	8:30-8:35
II. Executive Director's Report (INFORM) Matthew Veno, Executive Director Members of Senior Staff	8:35-8:45
III. Health Policy Commission (INFORM) David Seltz, Executive Director, Health Policy Commission	8:45 –9:45
IV. Affordability Update (INFORM) James Rust, CFO	9:45-10:25
V. Other Business/Adjournment Valerie Sullivan, Chair Matthew Veno, Executive Director	10:25-10:30

I

APPROVAL OF MINUTES (VOTE)

Valerie Sullivan Chair &
Andrew Stern General Counsel

Motion

That the Commission hereby approves the minutes of its meeting held on September 19, 2024 as presented

- Valerie Sullivan, Chair
- Bobbi Kaplan, Vice-Chair
- Martha Kwasnik (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
- Jason Silva
- Anna Sinaiko
- Timothy D. Sullivan
- Catherine West

II

EXECUTIVE DIRECTOR'S REPORT (INFORM)

Matthew Veno Executive Director &
Members of Senior Staff

Projected Fiscal Year 2025 Calendar

Jul	Aug	Sep 19	Oct	Nov 21	Dec 19	Jan	Feb	Mar	Apr	May	Jun
			Fall Health Insurance Buy-out			Public Information Sessions			FY2026 Annual Enrollment		
RWP in Effect July 1											
No Meeting	**No Meeting**	Plan Audit	**No Meeting**	**Presentation:** HPC	FY2026 Preliminary Cost Increase	**Presentation:** FY2026 Plan Design	**Vote:** FY2026 Rates	**TBD**	**TBD**	**Vote:** Trust Funds	**Report:** Annual Enrollment
		GIC Strategic Framework Update		**Presentation:** Affordability Update	**Vote:** Dental/ Vision Plan	**Report:** Stewardship Meetings	**Report:** Public Info Sessions			**Report:** Out of Pocket	
		Pharmacy Update					**Vote:** Data Warehouse			**Vote:** Life/LTD Consultant	
		CFO End of FY Report									

Note: Topics and meeting dates are subject to change

III

HEALTH POLICY COMMISSION (INFORM)

David Seltz, Executive Director,
Health Policy Commission

Agenda

THE MASSACHUSETTS HEALTH POLICY COMMISSION

Health Care Spending and Pricing Trends

Summary of 2024 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

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

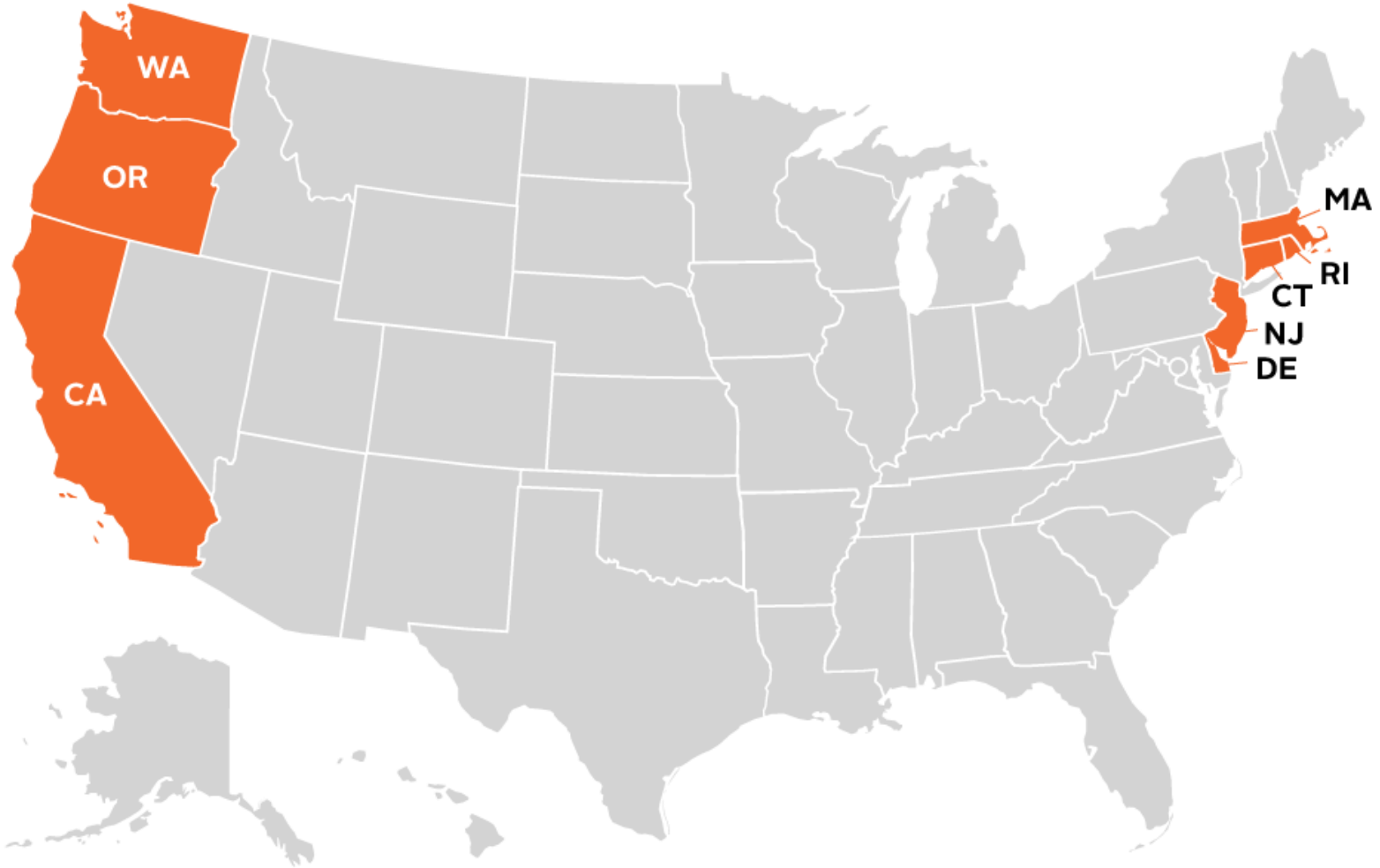
- Expertise in innovative medicine
- Expertise in representing the health care workforce
- Expertise as a purchaser of health insurance

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

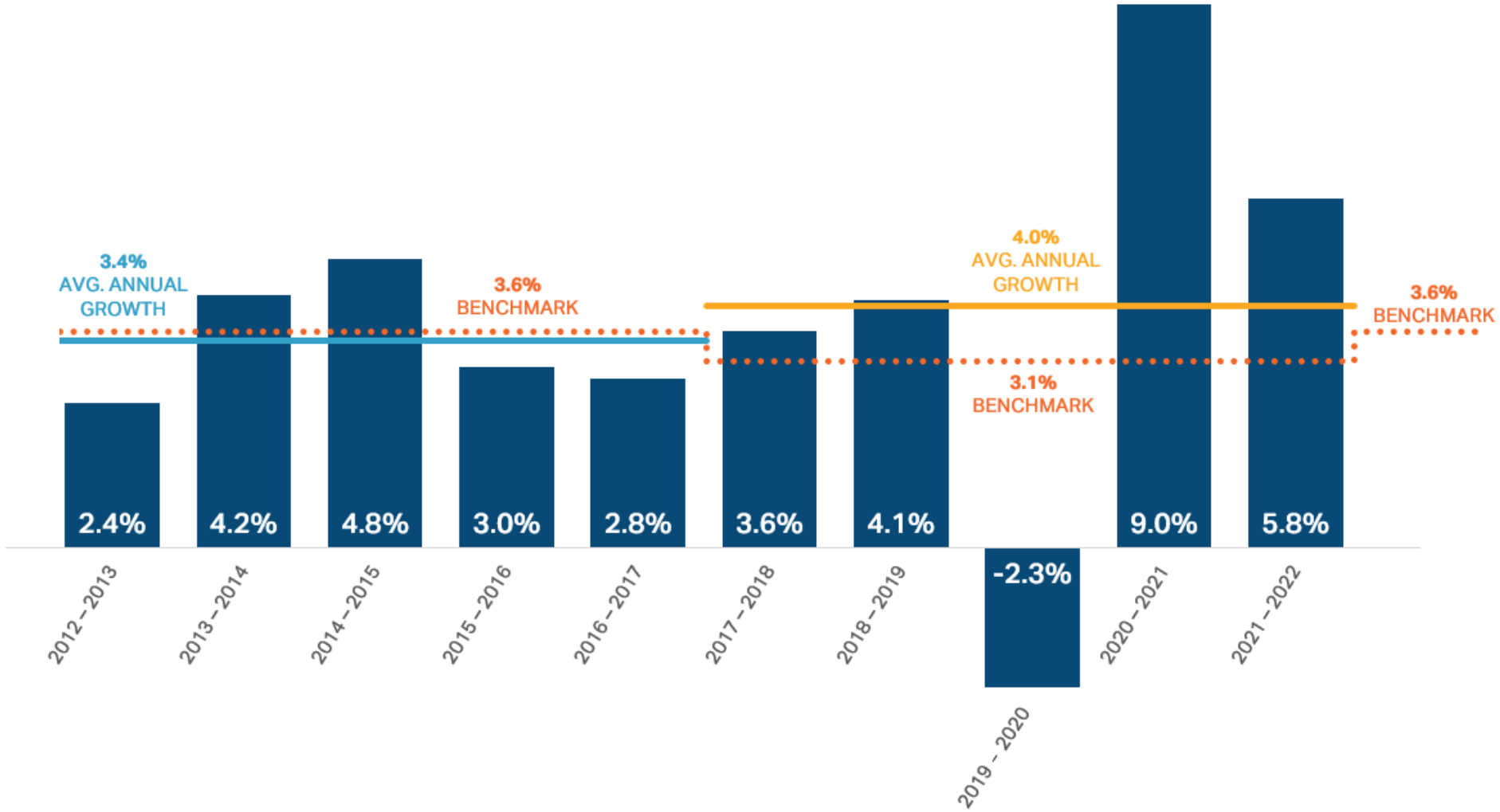
Bring together stakeholder community to influence their actions on a topic or problem

Health Care Spending and Pricing Trends

1. **Broad Spending Trends**
2. Affordability of Care
3. Highlights from Chartpacks
    - Price Trends and Variation

Health care spending growth in Massachusetts was below the benchmark from 2012 to 2017, but above from 2017 to 2022, on average.

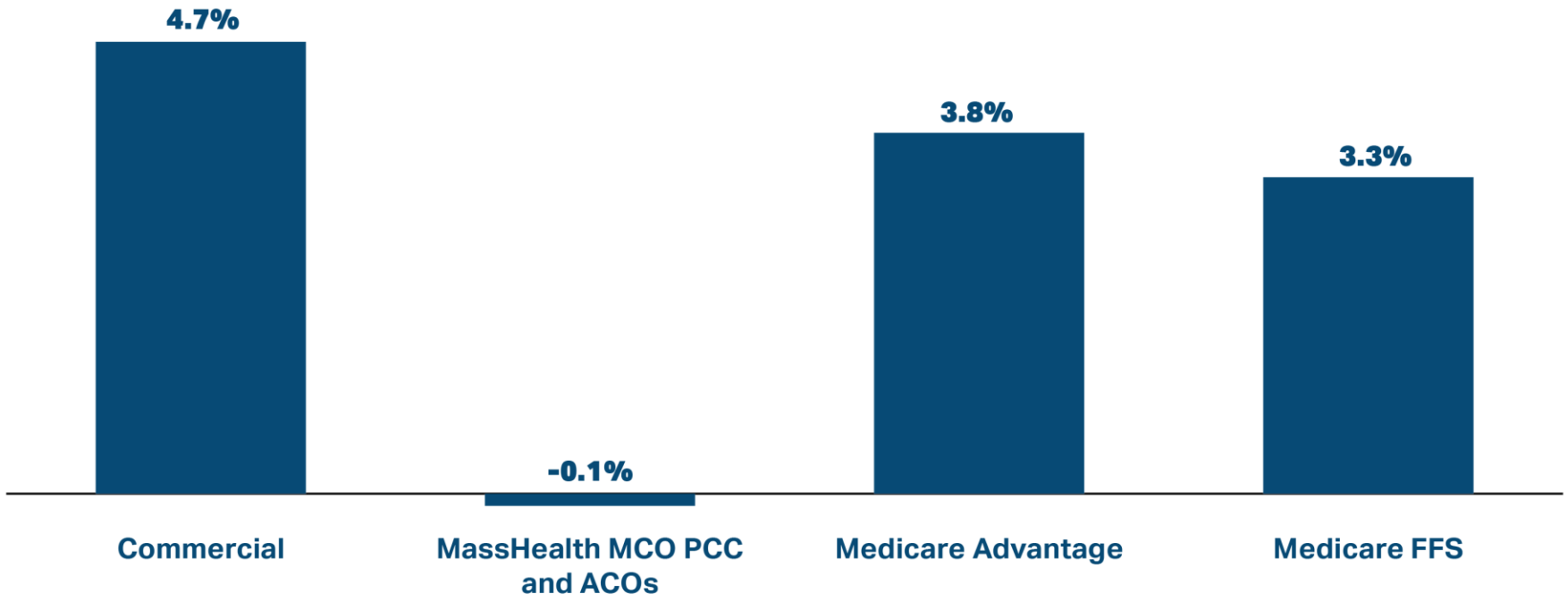
Annual growth in total health care expenditures per capita in Massachusetts, 2012-2022



Sources: Center for Health Information and Analysis, Annual Report on the Performance of the Massachusetts Health Care System 2013-2024.

Average commercial spending growth per enrollee from 2019 to 2022 exceeded growth for Medicare and MassHealth full coverage enrollees.

Average annual growth in spending per enrollee by market, 2019-2022, with total enrollment change

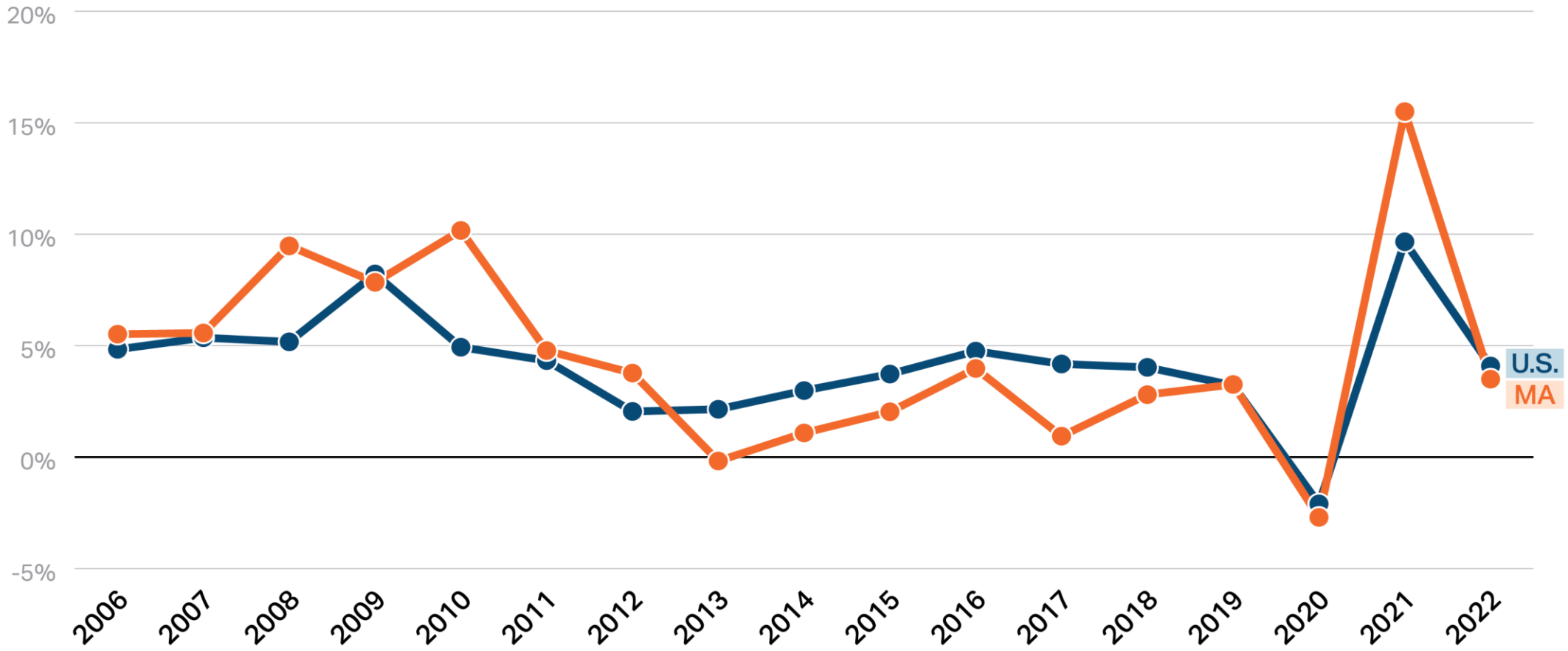


	Commercial	MassHealth MCO PCC and ACOs	Medicare Advantage	Medicare FFS
Enrollment change (2019-2022)	-8.5%	27.8%	30.1%	-3.7%

Notes: Commercial spending includes net cost of private health insurance and is net of prescription drug rebates. MassHealth includes only full coverage enrollees in the Primary Care Clinician (PCC), Accountable Care Organization (ACO-A, ACO-B), and Managed Care Organization (MCO) programs. Figures are not adjusted for changes in health status.
Sources: HPC analysis of Center for Health Information and Analysis, Annual Report on the Performance of the Massachusetts Health Care System, 2023-2024.

After many years of lower growth, commercial spending growth in Massachusetts outpaced the U.S. average from 2019 to 2022, 5.2% versus 3.8% annually.

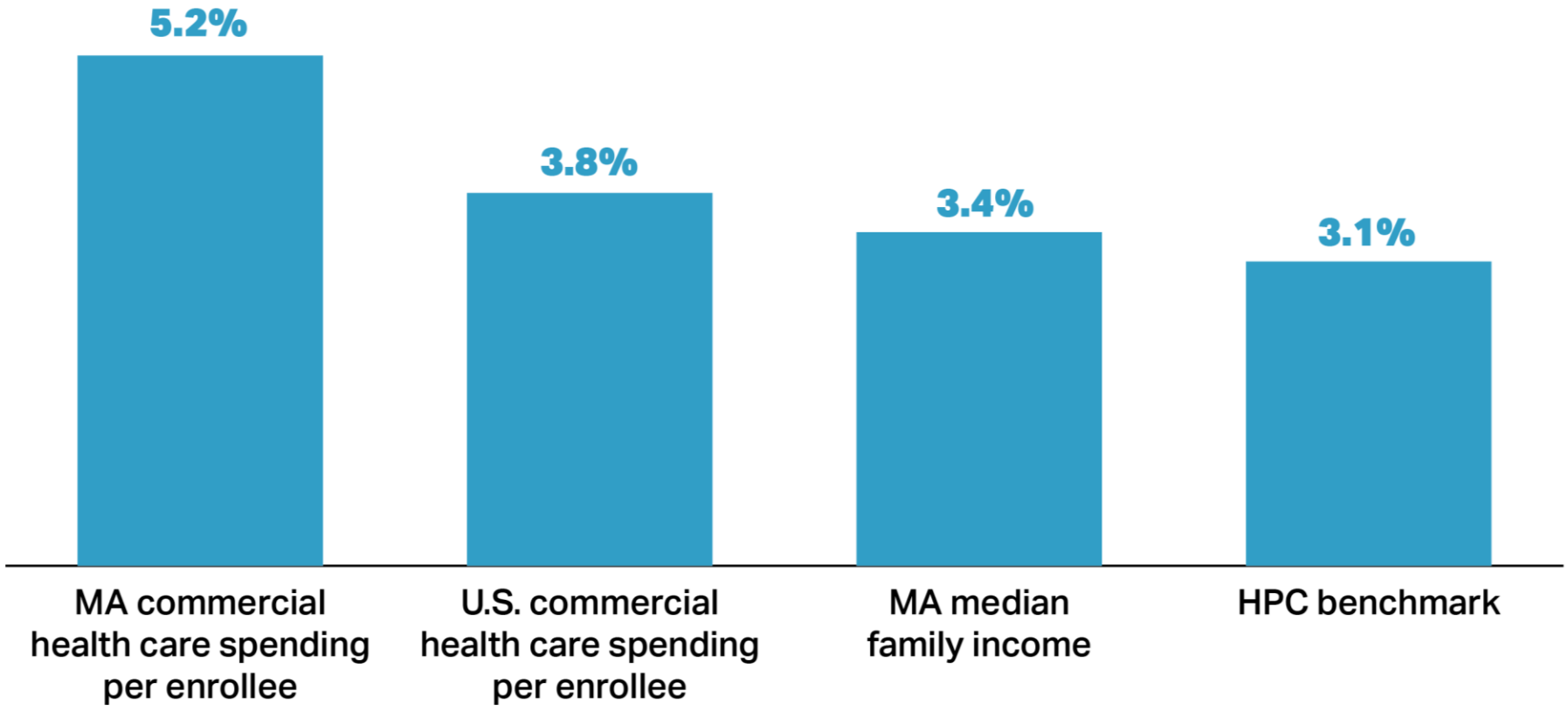
Annual growth in per capita commercial health care spending, Massachusetts and the U.S., 2006-2022



Notes: Massachusetts data represent 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, 2014-2022 and State Healthcare Expenditure Accounts 2005-2014; Center for Health Information and Analysis Annual Report on the Performance of the Massachusetts Health Care System 2014-2022.

Massachusetts commercial health care spending growth (5.2%) outpaced national growth (3.8%), general inflation (3.8%), income growth (3.4%) and the HPC benchmark.

Average annual growth in each quantity, 2019-2022

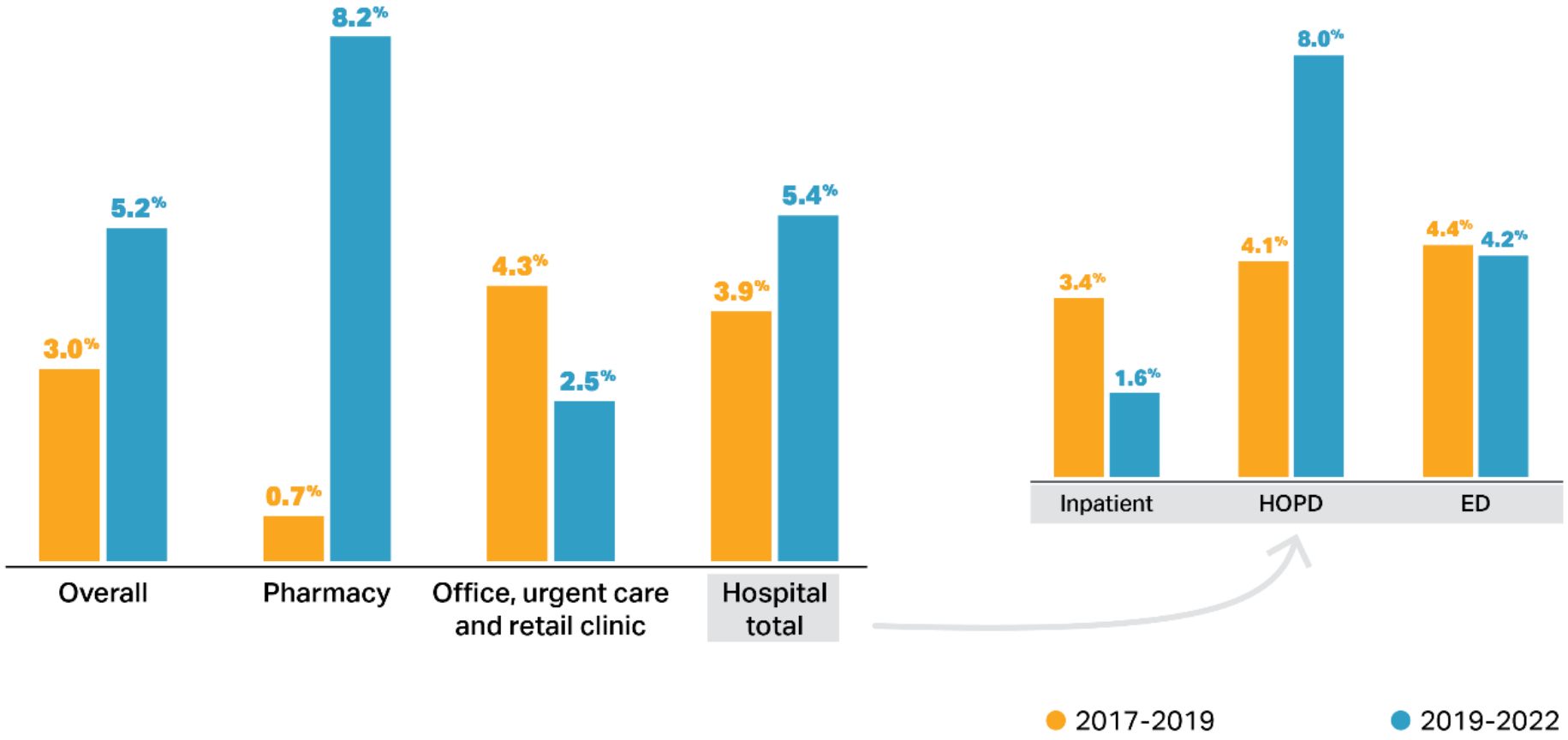


- Massachusetts' commercial spending growth **also surpassed general inflation** during this period (3.8%).
- An employee facing an 8% premium increase would see nearly half of a typical raise absorbed by growing health care costs.

Sources: Median income based on the American Community Survey 1-year tables, family income. Inflation based on the Consumer Price Index (CPI-U).

Faster commercial spending growth in the most recent three-year period reflects accelerating growth in prescription drug spending and hospital outpatient spending.

Average annual growth in commercial spending per enrollee by site of care, 2017-2019 vs 2019-2022

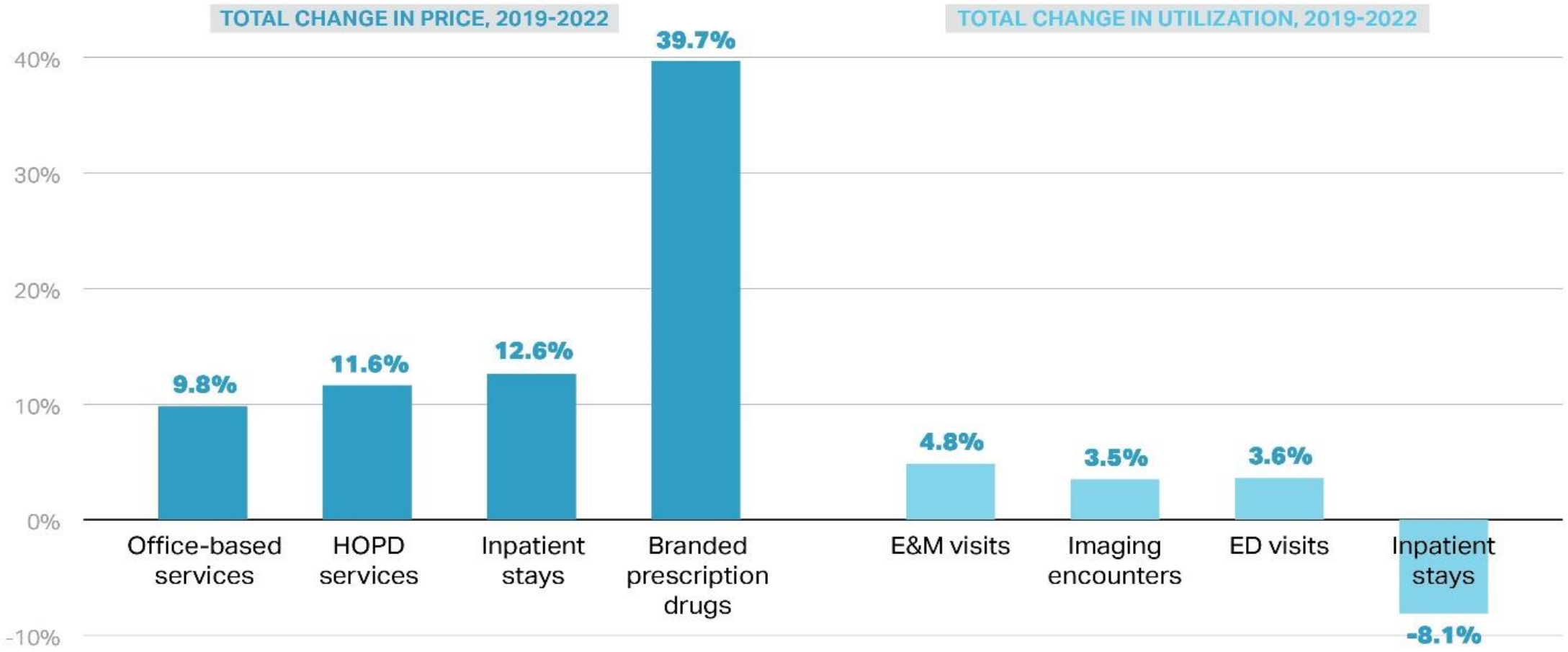


- Hospital spending patterns partly reflect **a shift of some surgeries from inpatient to outpatient** settings.
- Prescription drug spending **grew 10x faster** from 2019 – 2022 as it did from 2017 – 2019.

Notes: Pharmacy spending is net of rebates.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database V2021 and V2022 (for hospital and office spending); Center for Health Information and Analysis Annual Report on the Performance of the Massachusetts Health Care System, 2019-2022 (for pharmacy and overall spending).

Price changes, more than utilization changes, drove commercial spending growth from 2019-2022

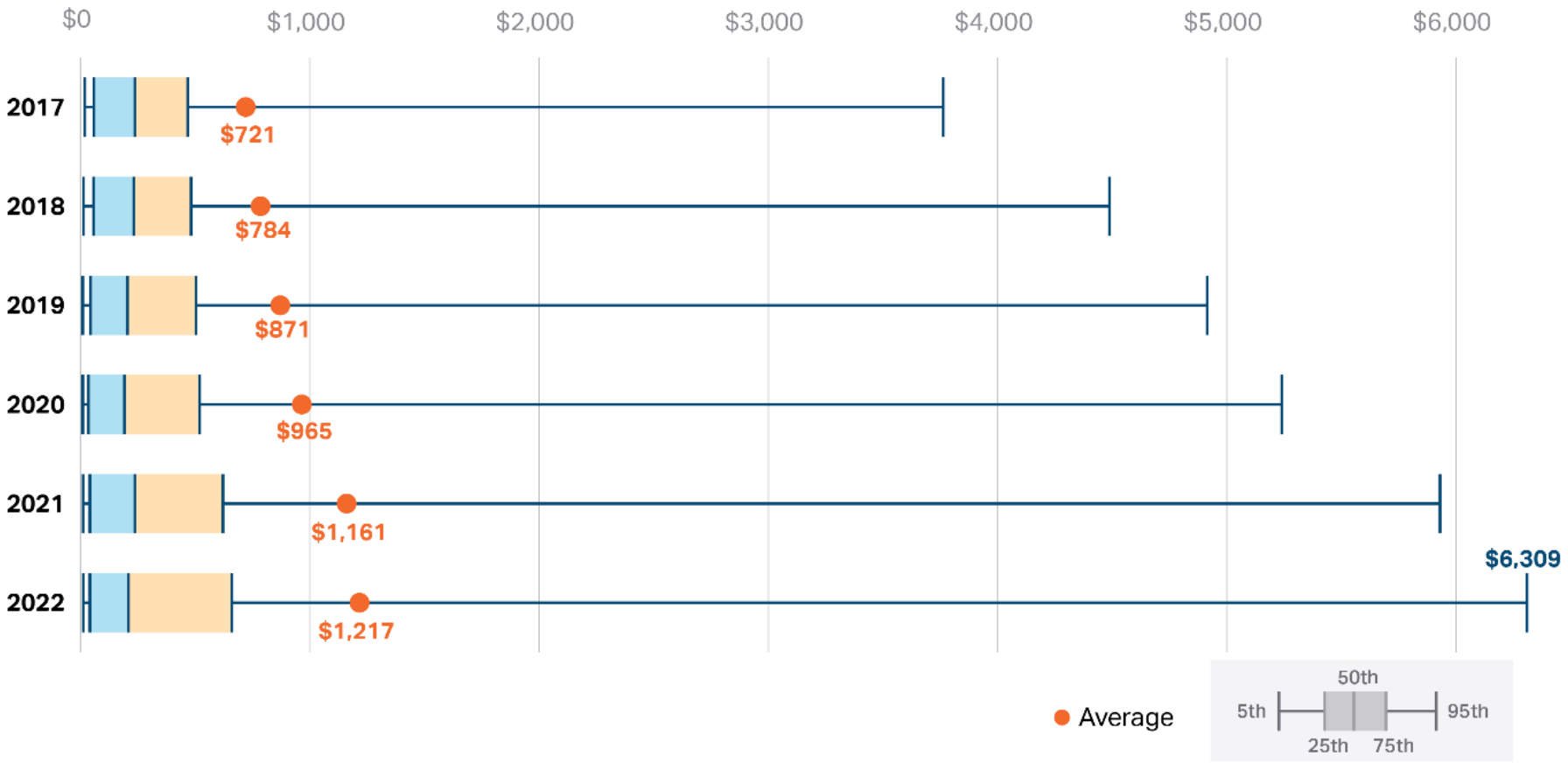
Total (cumulative) percentage change, 2019-2022



Notes: Price changes for office-based services, hospital outpatient department and inpatient care are reported elsewhere in this report (see Chartpack) while average prescription drug price increases are gross of rebates and are for branded drugs excluding COVID-19 vaccines. E&M visits include all visits with codes 99201-99205 and 99211-99215. Imaging represents encounters for all types of imaging.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022 (2019-2022), Hospital inpatient discharge database (HDD) and emergency department discharge database (EDD).

The average price per branded prescription grew 69% from 2017 to 2022, from $721 to $1,217, with 5% priced over $6,300 in 2022.

Average and percentile distribution of branded prescription drug prices, not accounting for rebates, 2017-2022



- More than 60% of prescription drug **spending growth** from 2018 – 2022 was due to higher prices and use of immunosuppressants such as Humira.

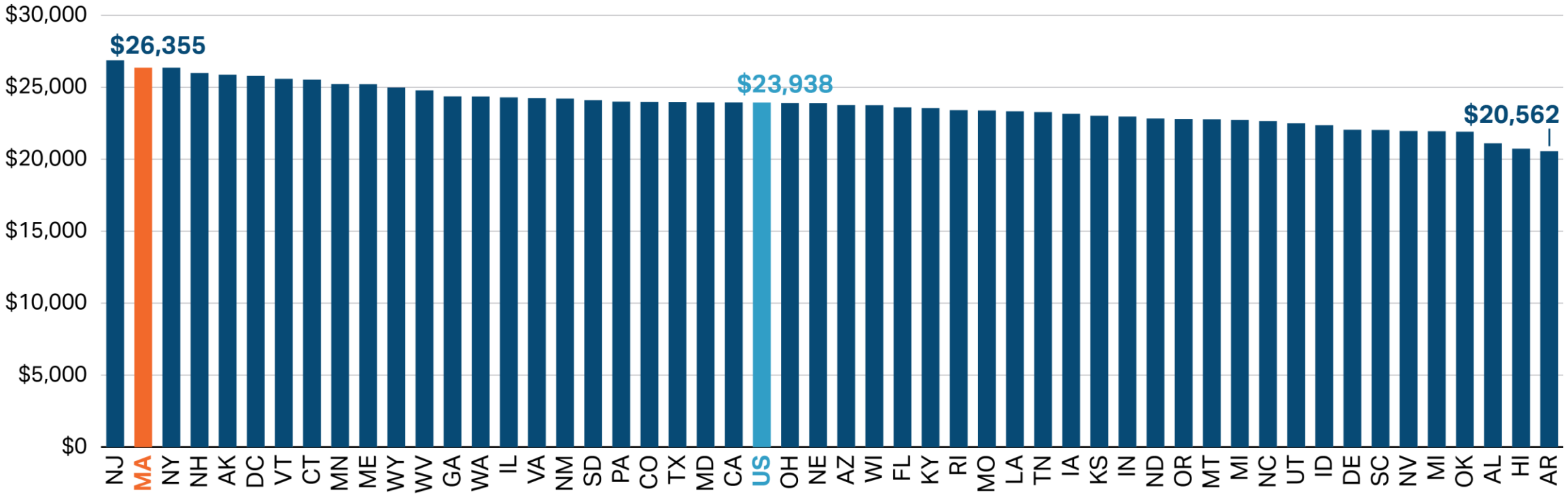
Notes: Pharmacy claims include data from five payers: BCBSMA, Tufts, HPHC, MGB Health Plan, and HNE. COVID-19 vaccines are excluded.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2021 (2017) and V2022 (2018-2022)

Health Care Spending and Pricing Trends

1. Broad Spending Trends
2. **Affordability of Care**
3. Highlights from Chartpacks
    - Price Trends and Variation

As of 2023, Massachusetts had the 2nd highest family health insurance premiums in the U.S.

Average annual family health insurance premium for employer-sponsored coverage including employer and employee contribution, 2023.



10% of family premiums in Massachusetts exceeded $36,000.

Notes: Massachusetts and New York had identical premiums in the survey.
Sources: Medical Expenditure Panel Survey – Insurance Component. Based on a survey of employers. Agency for Healthcare Research and Quality.

Including out of pocket spending, the average cost of health care for a Massachusetts family exceeded $29,000 in 2023.

$26,355
Average premium

$2,715
Average out of pocket spending

$29,070
Annual family health care cost

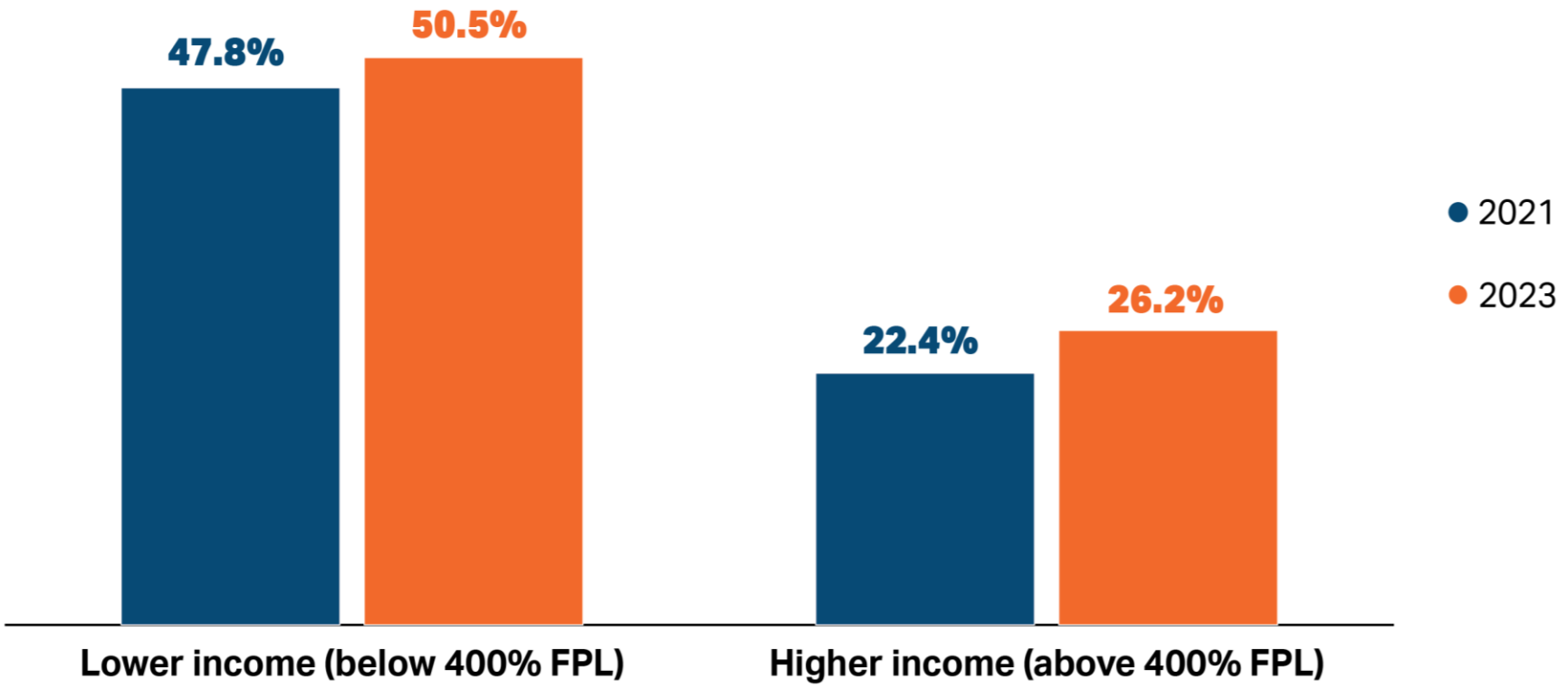
$2,422
Monthly cost

Premiums in Massachusetts were 2nd highest in the U.S.

Notes: Cost sharing amount based on data on cost sharing relative to premium payments in from CHIA's Annual Report, 2024. Source: Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey-Insurance Component and Center for Health Information and Analysis, Annual Report, 2024.

CHIA's 2023 Massachusetts resident survey found that more privately insured residents cited affordability issues in 2023 than 2021.

Percentage of respondents with employer-sponsored coverage and with any of four affordability issues noted in the sidebar, 2021 and 2023

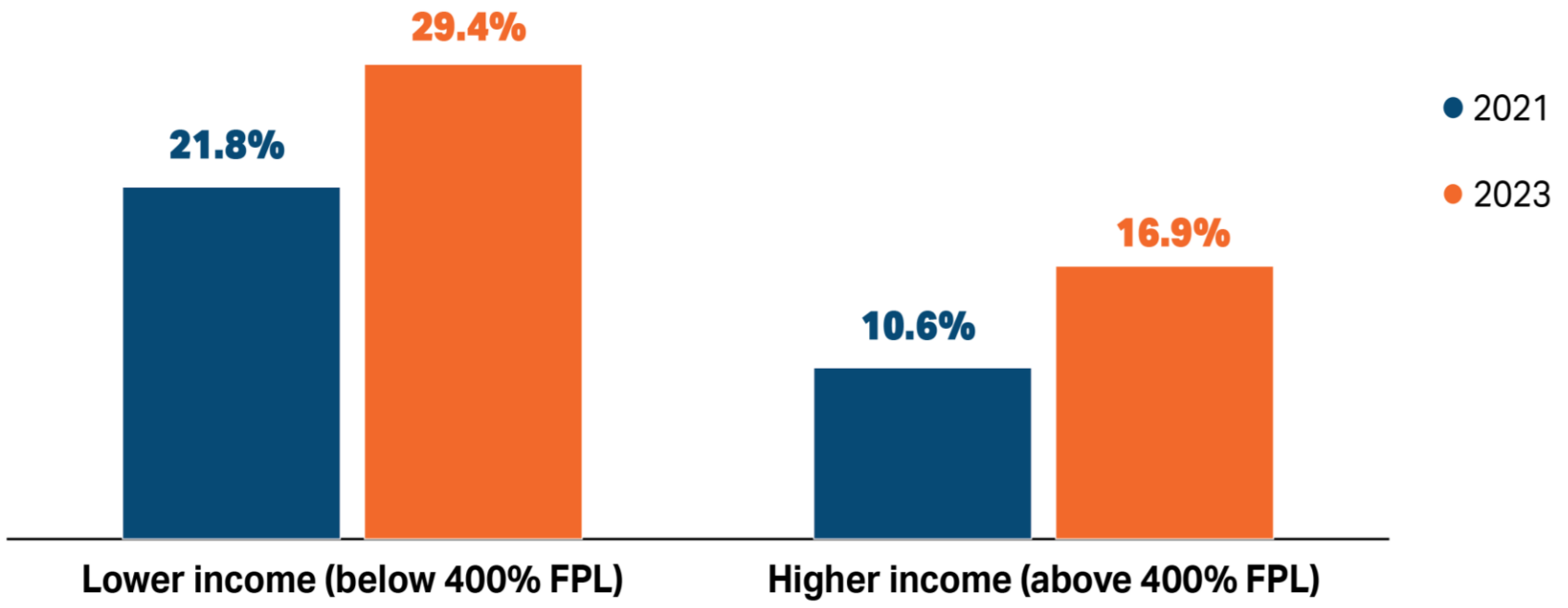


- Any affordability issue is defined as including:
  - High share of income spent on health care OOP
  - Any unmet need for care due to cost
  - Problems paying medical bills
  - Any medical debt

Notes: Massachusetts residents covered by employer sponsored insurance with continuous coverage in the previous twelve months only. Children and seniors were excluded.
Sources: HPC analysis of Massachusetts Center for Health Information and Analysis, 2021 and 2023 Massachusetts Health Insurance Surveys

The number of residents with employer-based insurance who reported they did not get needed health care due to cost increased by 50% (from 600,000 to 900,000) from 2021 to 2023.

Percentage of respondents with employer-based insurance responding yes to any of the following: "Was there any time in the past 12 months that, because of cost, you did not 1) fill a prescription for medicine needed, 2) did not get doctor care that you needed, or 3) did not get mental health care or counseling that you needed"?

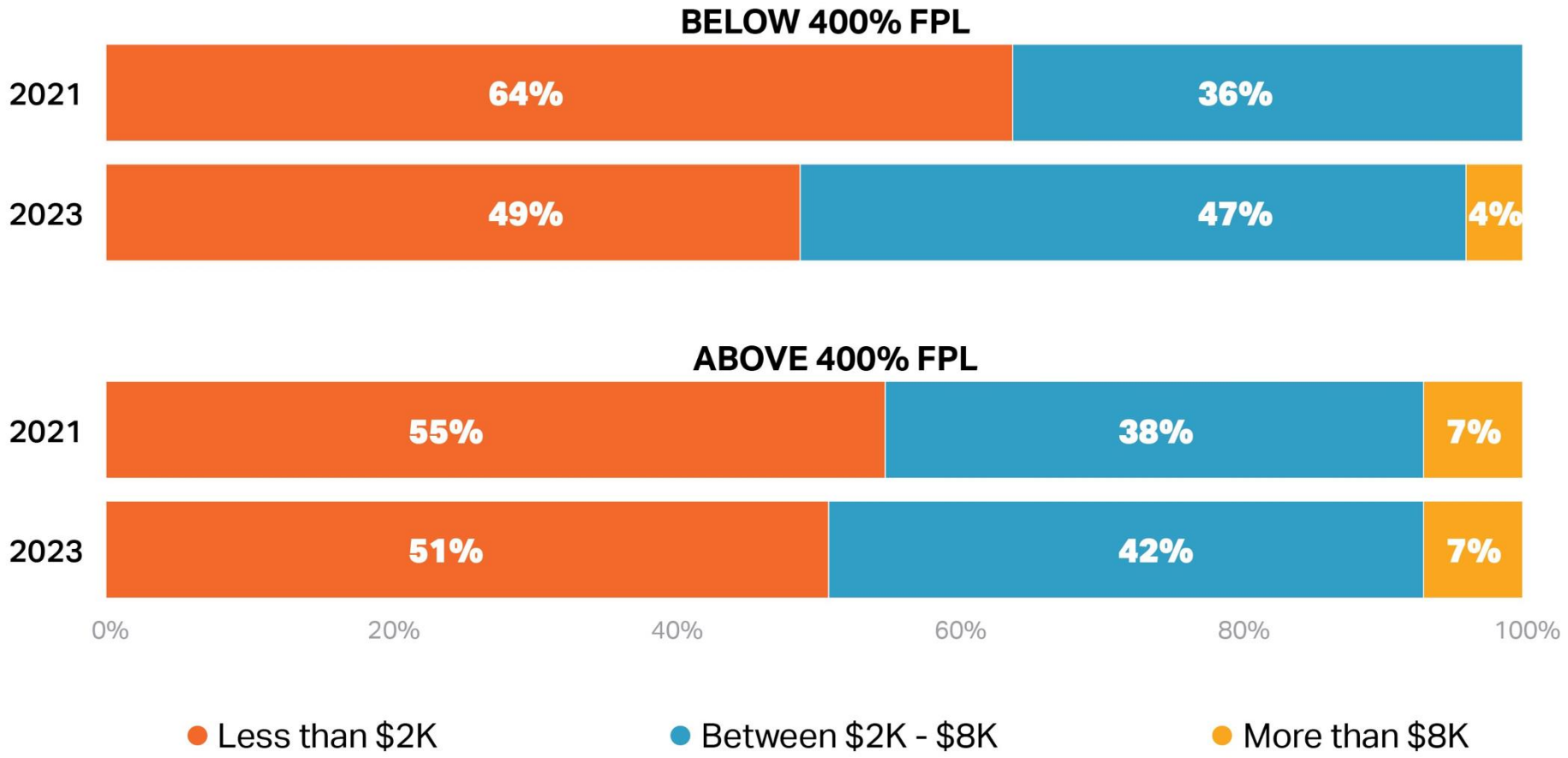


- The share of commercially-insured residents with unmet needs due to cost **were higher for non-white residents** (21.1%) than white residents (19.6%) in 2023.

Notes: Figures include residents who responded that they did not get needed physician care, mental health care, or prescription drugs due to cost. Massachusetts residents covered by employer sponsored insurance with continuous coverage in the previous twelve months only. Children and seniors were excluded. People with individual (non-group) insurance are excluded.
Sources: HPC analysis of Center for Health Information and Analysis, 2021 and 2023 Massachusetts Health Insurance Surveys

Those paying off medical bills had more debt in 2023 than 2021, particularly people with lower income.

Total amount of outstanding medical debt among those paying off medical bills over time for residents with private coverage, 2021 and 2023



Notes: Massachusetts residents covered by employer sponsored insurance with continuous coverage in the previous twelve months only. Children and seniors were excluded. The proportion of residents with employer-sponsored coverage reporting problems paying off medical bills grew from 11.5% to 12.6% from 2021 to 2023.
Sources: HPC analysis of Center for Health Information and Analysis, 2021 and 2023 Massachusetts Health Insurance Surveys

A 2024 survey found that the cost of health care is a significant cause of concern among Massachusetts residents.

68%

More than two-thirds (68%) of residents reported being **extremely concerned** (36%) or **very concerned** (32%) about the **cost of health care**.

40%

of residents surveyed said they are **putting off seeing a doctor** or going to a hospital because of high costs.

51%

of residents surveyed cited the **cost** of health care as the **most important health care issue**, far above access (19%) or quality (18%).

Concern about health care costs was behind only **inflation** and the **cost of housing** as top concerns, and only one of two categories (along with housing) of **growing** concern since 2022.

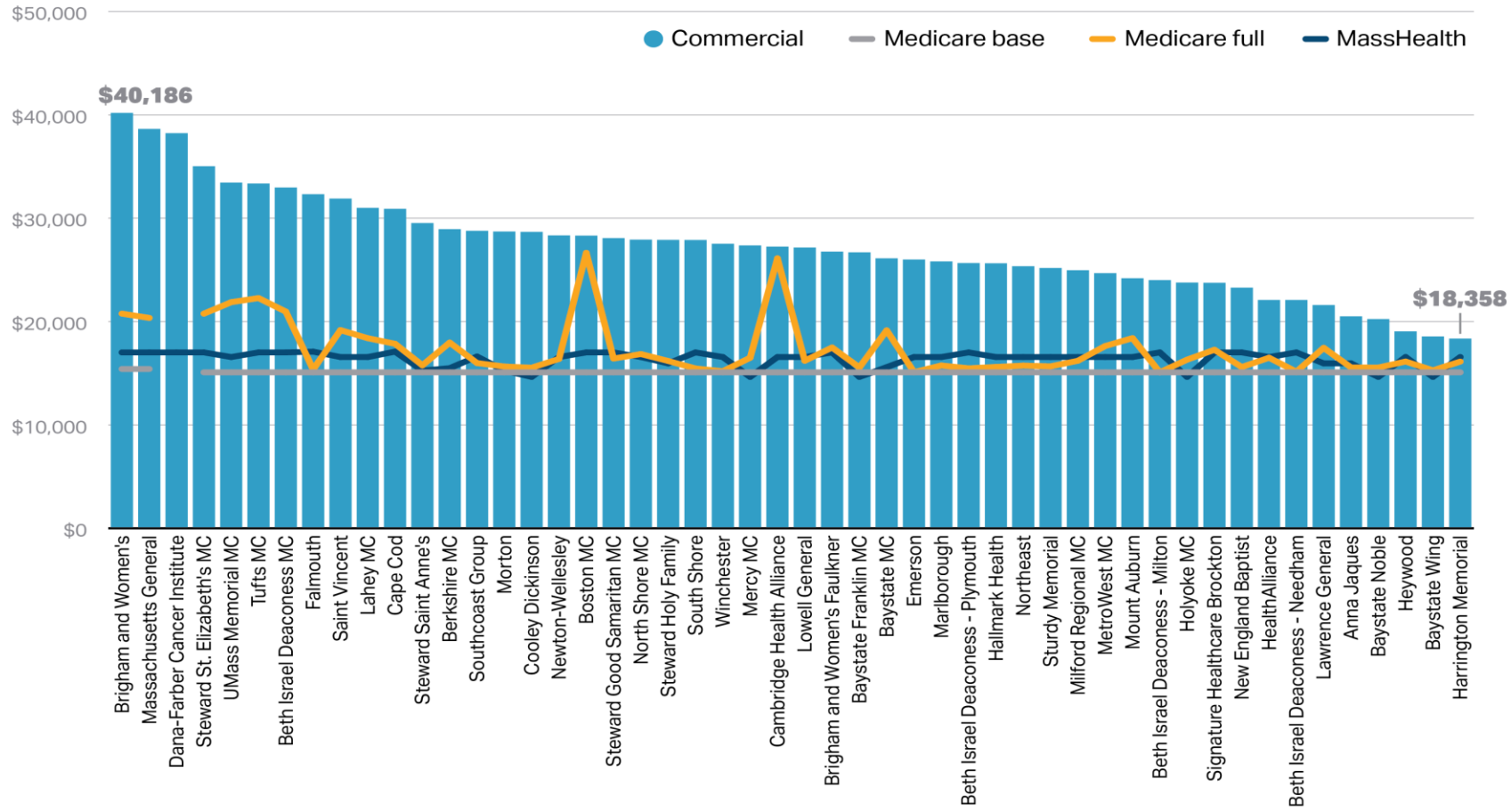
Sources: https://www.bluecrossma.org/aboutus/sites/g/files/csphws2321/files/2024-03/BCBSMA%20March%202024%20Statewide%20Poll%20-%20Public%20Charts.pdf

Health Care Spending and Pricing Trends

1. Broad Spending Trends
2. Affordability of Care
3. **Highlights from Chartpacks**
    - Price Trends and Variation

Commercial hospital prices for the same inpatient stay varied from $18,000 to $40,000 in 2022. MassHealth and Medicare paid between $15,000 and $17,000 to most hospitals.

Average hospital facility price for an average-complexity stay for each payer-type, 2022



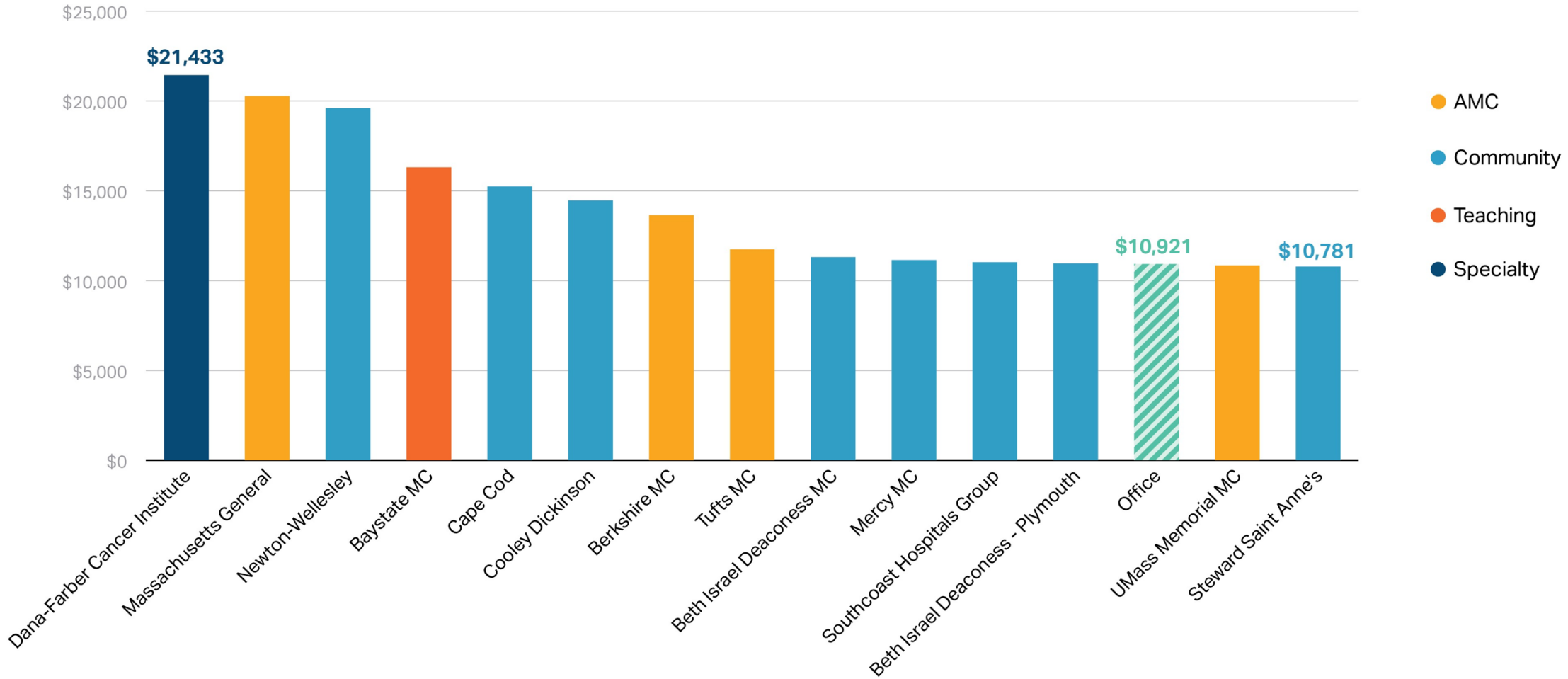
Notes: Exhibit includes the top 50 acute care hospitals by volume of adult non-maternity and non-psychiatric patients in 2022. Stays that are outliers in payment and length of stay within their APR-DRG as well as transfers are excluded. Commercial prices are adjusted for the APR-DRG commercial weight of each admission. The prices shown represent a stay of average complexity in each population.

Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2022; 3M commercial APR-DRG weights, version 38; Medicare IPPS Final rule and correcting amendment documentation 2022.

- Data do not include MassHealth supplemental payments to specific hospitals.
- "Full" Medicare prices are higher for teaching hospitals and those serving a high proportion of uninsured and MassHealth patients.

Commercial prices for a common chemotherapy drug (Keytruda) varied from approximately $10,000 in physician offices and some hospitals to over $21,000.

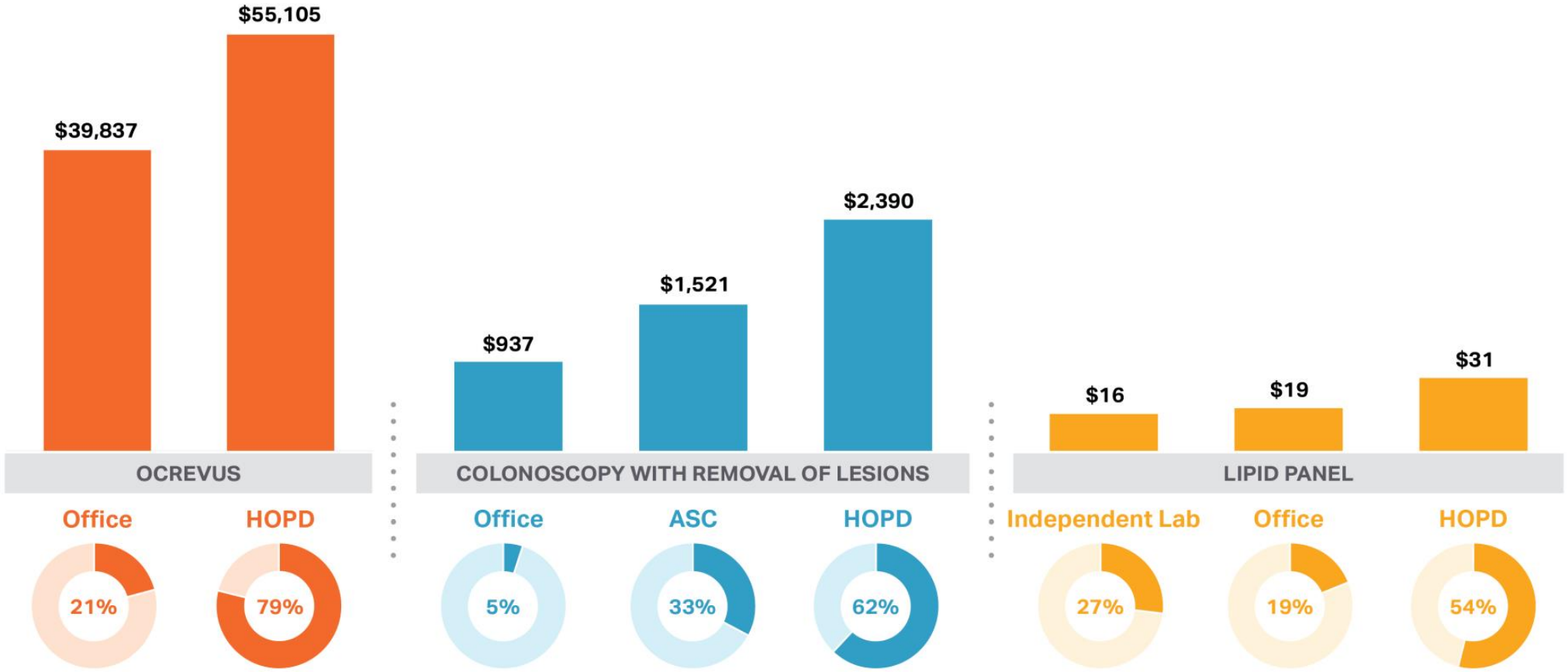
Average price paid by commercial insurers for a standard dose of Keytruda, by provider



Notes: Facilities listed are limited to those with at least 20 commercial encounters delivered in 2022. Prices reflect encounters (same person, same date of service, same procedure code) to capture the potential for both facility and professional claims billed on the same day. The price shown is for a standard dose of Keytruda (200 mg or 200 billable units). Data are for Keytruda (CPT J9271, 'Injection, pembrolizumab, 1 mg').
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database v2022, 2022.

Prices for common services were typically 50-100% higher in hospital outpatient settings than other settings.

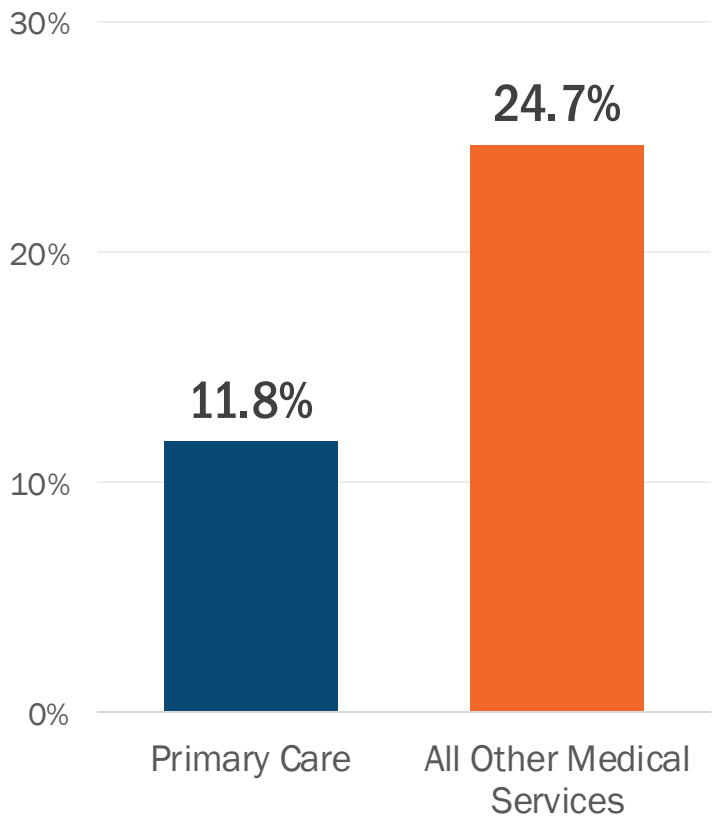
Average price paid by commercial insurers for each of the services or drugs shown, by setting where the care was provided.



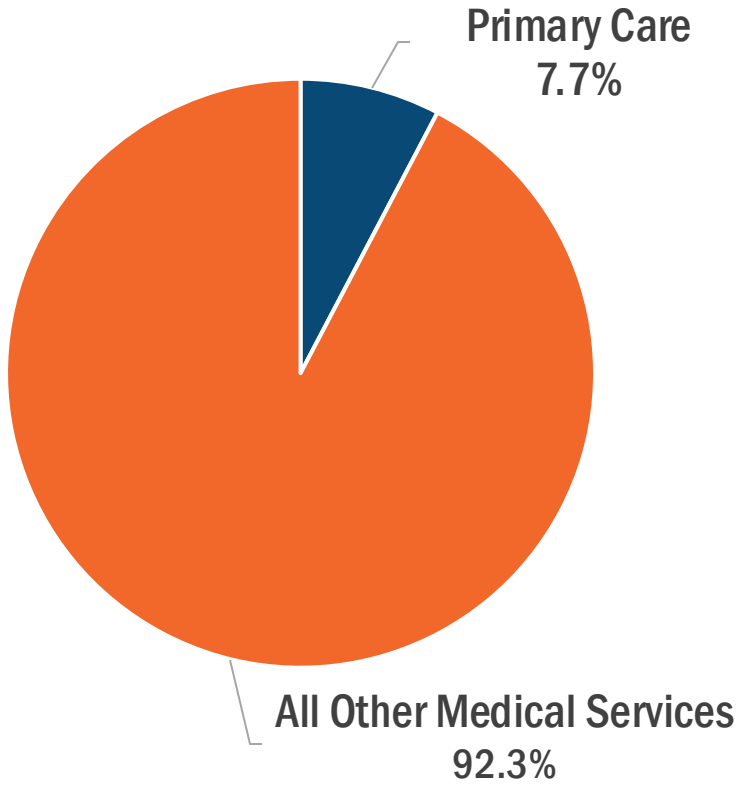
Notes: Prices reflect encounters (same person, same date of service, same procedure code) to capture the potential for both facility and professional claims billed on the same day. Data are for Ocrevus (CPT J2350, 'Injection, ocrelizumab, 1 mg'), which is a drug used to treat multiple sclerosis; Colonoscopy with removal of lesions (CPT 45385, 'Colonoscopy, flexible; with removal of tumor(s), polyp(s), or other lesion(s) by snare technique'); Lipid Panel (CPT 80061, 'Lipid panel'). The price shown for Ocrevus is for a 600 mg dose (600 billable units). ASC=Ambulatory Surgical Center.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database v2022, 2022.

Primary care represents a small and declining proportion of total health care spending in Massachusetts. Wait times for primary care are significant.

Commercial Spending Growth by Category (2017-2022)



Share of Total Commercial Spending (2022)

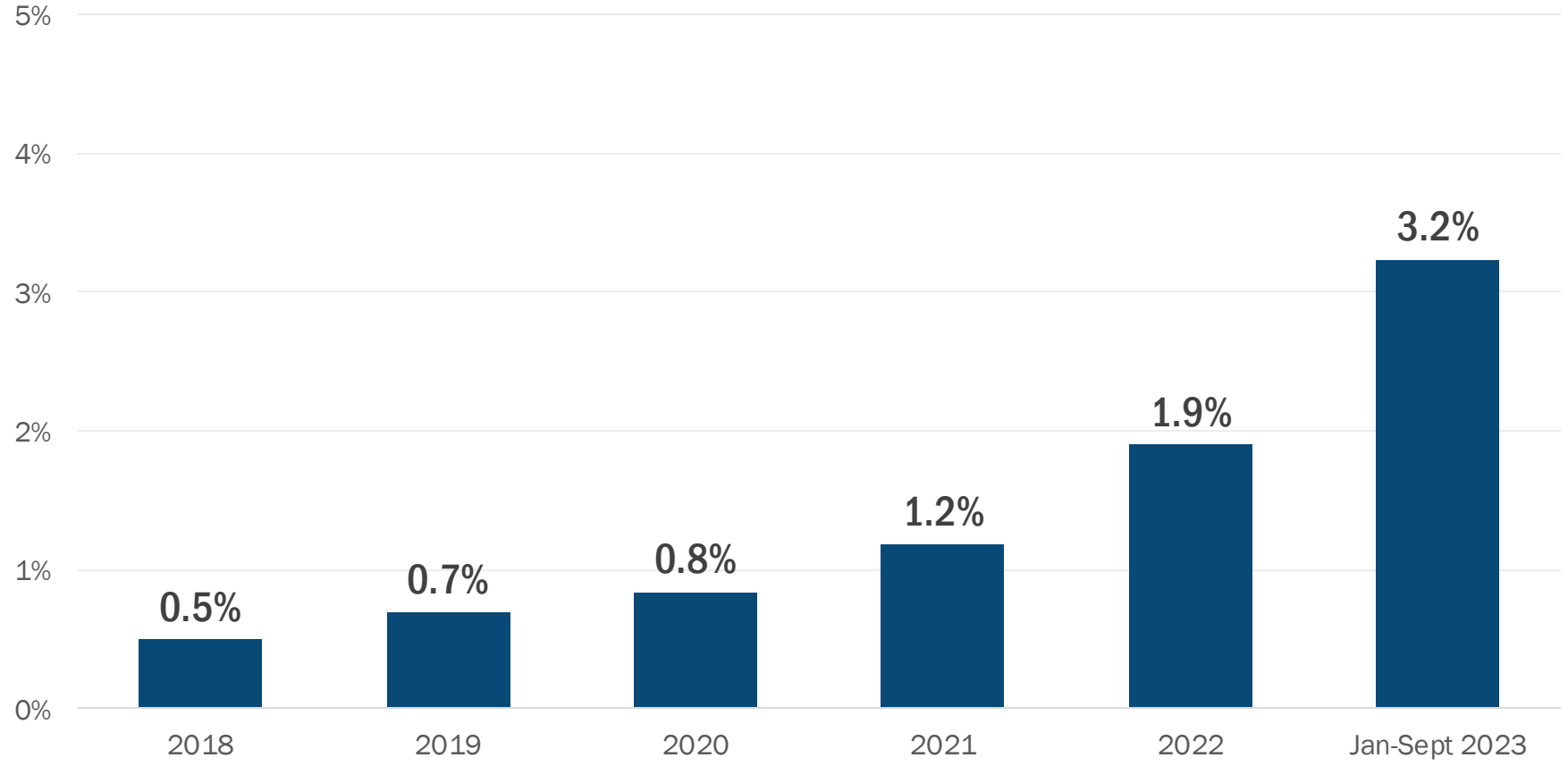


- Primary care **declined** as a percentage of all commercial spending from 8.5% in 2017 to 7.7% in 2022.
- Among fifteen major U.S. metro areas, Boston had the **second-longest wait times** for a new patient appointment for a physical in 2022.

Notes: Prescription drug spending excluded from spending growth analysis.
Sources: HPC analysis of Massachusetts all-payer claims database and AMN Healthcare and Merritt Hawkins. 2022 Survey of Physician Appointment Wait Times and Medicare and Medicaid Acceptance Rates. 2022

In the first nine months of 2023, 3.2% of Massachusetts commercial members were prescribed a GLP-1 drug, a 7-fold increase compared to 2018.

Percent of commercial members who were prescribed a GLP-1 drug that year, January 2018 to September 2023



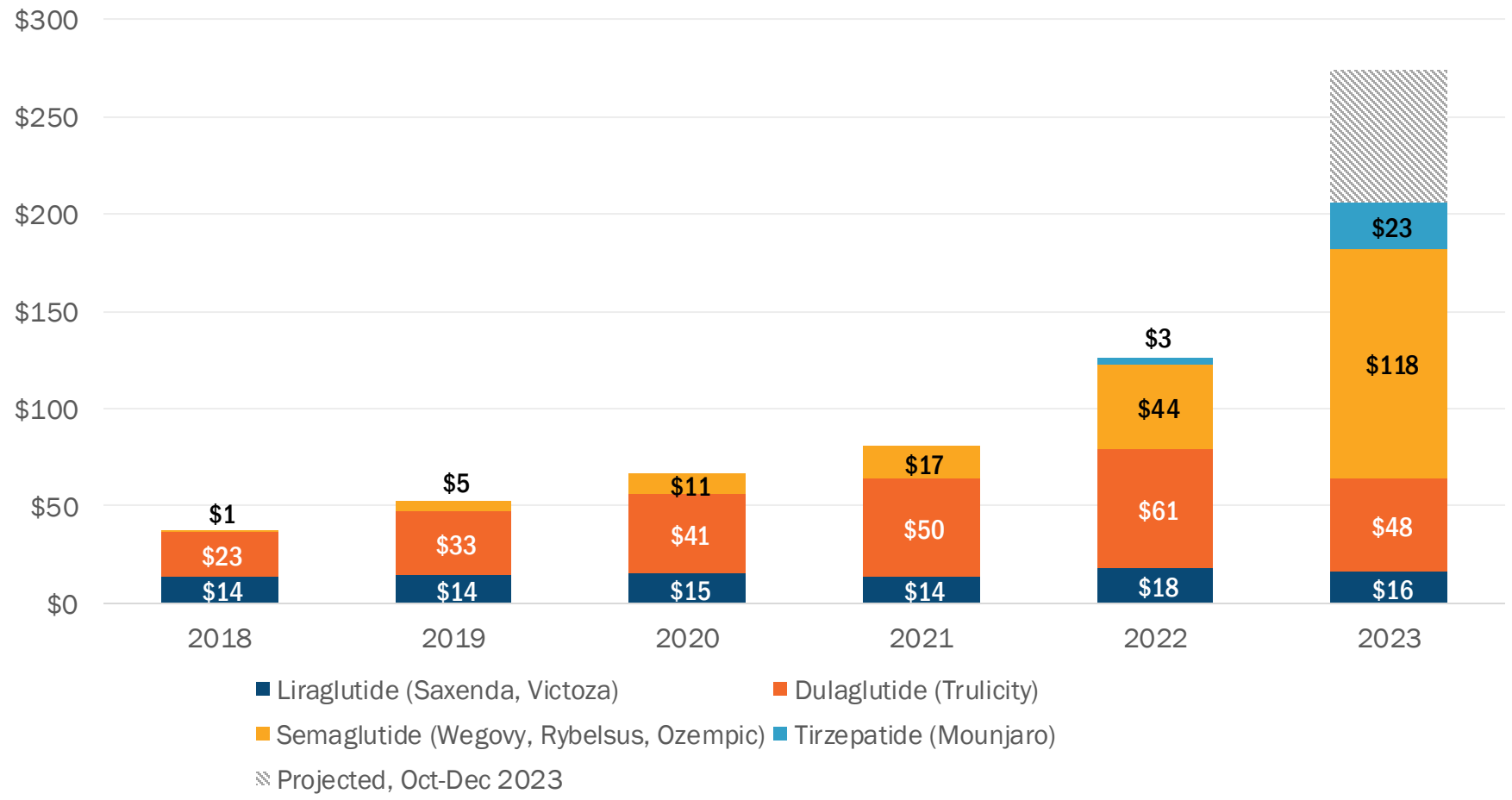
Notes: Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023).
Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

1. Massachusetts Group Insurance Commission. Commission Meeting. May 16, 2024. Available at: https://www.mass.gov/doc/may-2024-commission-meeting-presentation/download

- In the first nine months of 2023, 3.2% of commercial members were prescribed any GLP-1 drug; among these, almost two-thirds were prescribed a semaglutide drug.
- Data from the GIC (not included in this chart) shows a similar acceleration of use of GLP-1 medications through FY2023.[1]

In 2023, total commercial spending (gross) on GLP-1 drugs in Massachusetts is projected to surpass $270 million, more than doubling the spending in 2022.

Commercial spending (in millions) on selected GLP-1 drugs by brand name and year, 2018 to 2023



Notes: Spending is extrapolated from the MA E-APCD sample to the entire Massachusetts commercial market. Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023).
Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

- Total gross commercial spending on GLP-1 drugs was nearly $125 million in 2022.
- In 2022, spending on GLP-1 drugs among commercially-insured members accounted for 5% of pharmacy spending among commercially-insured members overall.

Concerns regarding spending will likely escalate, given high uptake and potential new indications in the pipeline.

- Commercial payers grapple with surging costs
  - An employer survey found that 43% of employers plan to cover weight loss drugs in 2024, doubling the share of employers that say they covered them in 2023 (25%)[1]
  - However, citing cost concerns, some employers (e.g., University of Texas System, Ascension) have ended coverage while others experiment with utilization management tools[2]
- Budgetary concerns for public payers
  - Citing projected GLP-1 spending, Senator Bernie Sanders warned in a recent report that "the outrageously high prices of these drugs have the potential to bankrupt our entire health care system."[3]
  - Modeling suggests that if Medicare began covering these drugs for weight loss, Medicare Part D spending would rise $26.8 billion annually (an 18% increase over current spending) if 10% of beneficiaries with obesity used Wegovy.[4]
  - Medicare could begin negotiating prices for certain semaglutide products as early as 2025.[5]
- Long term benefits and potential cost-saving unknown
  - While weight loss is associated with a range of health benefits, no empirical evidence to date directly links the use of GLP-1 medications to reductions in other health care spending.[6]

1. Reuters. "U.S. employers covering weight-loss drugs could nearly double in 2024." Oct 10, 2023. Available at:https://www.reuters.com/business/healthcare-pharmaceuticals/us-employers-covering-weight-loss-drugs-could-nearly-double-2024-survey-2023-10-09/
2. Tradeoffs. "Ozempic hype forces employer calls on obesity coverage." Sep 28, 2023. Available at: https://tradeoffs.org/2023/09/28/employer-coverage-obesity-drugs-ozempic/
3. United States Senate Health, Education, Labor and Pensions Committee, Bernard Sanders, Chair Majority staff. Breaking point: how weight loss drugs could bankrupt American health care. May 15, 2024. Available at: https://www.sanders.senate.gov/wp-content/uploads/Wegovy-report-FINAL.pdf
4. Baig, Khrysta, et al. "Medicare part D coverage of antiobesity medications—challenges and uncertainty ahead." New England Journal of Medicine 388.11 (2023): 961-963.
5. KKF. "Medicare spending on Ozempic and other GLP-1s is skyrocketing." Mar 22, 2024. Available at: https://www.kff.org/policy-watch/medicare-spending-on-ozempic-and-other-glp-1s-is-skyrocketing/
6. Congressional Budget Office. "A call for new research in the area of obesity." Oct 5, 2023. Available at: https://www.cbo.gov/publication/59590

Summary of 2024 Policy Recommendations

1. **Strengthen and expand the state's market oversight tools.**
   - Strengthen and expand the Material Change Notice (MCN) process.
2. **Strengthen and expand the state's transparency requirements.**
   - Require that new provider types, including types frequently targeted by private equity investors, report to the Massachusetts RPO program.
   - Enhance enforcement mechanisms for financial reporting.
3. **Revitalize health planning to ensure that the supply of health services aligns with community health needs and to protect the interests of historically underserved communities.**
   - Conduct focused assessments of need, supply, and distribution.
   - Strengthen tools to monitor and regulate supply of health care services.
     - Strengthen tools to monitor and regulate supply of health care services.
     - Better equip the state to monitor and respond to essential service closures.
4. **Address known market dysfunctions that both drive consolidation among providers and create opportunities for predatory actors to profit through actions that can harm patients, health care workers, and others.**
   - Address long-standing inequities in provider prices.
   - Require site-neutral payment.
   - Adopt default out-of-network payment rate.

IV

AFFORDABILITY UPDATE (INFORM)

James Rust, Chief Financial Officer

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

GICs Strategic Approach

The GIC developed its three strategic pillars and guiding principles to govern its prioritization and decision-making process for all strategic opportunities, in alignment with its goals

Guiding Principles

- Utilize buying power to make healthcare affordable by addressing underlying problems
- Use buying power to improve quality and outcomes for GIC members and others
- Carefully consider and manage member disruption
- Present low implementation risk
- Improve access to mental health and substance use disorder services
- Address diversity, equity and inclusion and social determinants of health
- Improve member experience, including navigation
- Play to the strengths of health plan partners and tap into specialized solutions to supplement weaknesses
- Align with other Massachusetts government agency initiatives

GIC Affordability Initiatives

Healthcare cost trends in the US, and local Massachusetts markets continue to be a challenge. The GIC continues to explore strategies to contain healthcare costs in alignment with the Massachusetts Healthcare Cost Benchmark.

Accomplishments

- Conducted robust medical and pharmacy RFRs to ensure most competitive financial arrangements (admin fees and claims discounts)
  - Implemented Harvard Pilgrim Access America with more advantageous discounts for the national market
  - Transitioned active pharmacy benefits to CVS with strong discounts and rebates
- Performed annual audits and pharmacy market checks
- Negotiated best in class performance guarantees including cost trend PGs aligned with the Massachusetts cost trend benchmark

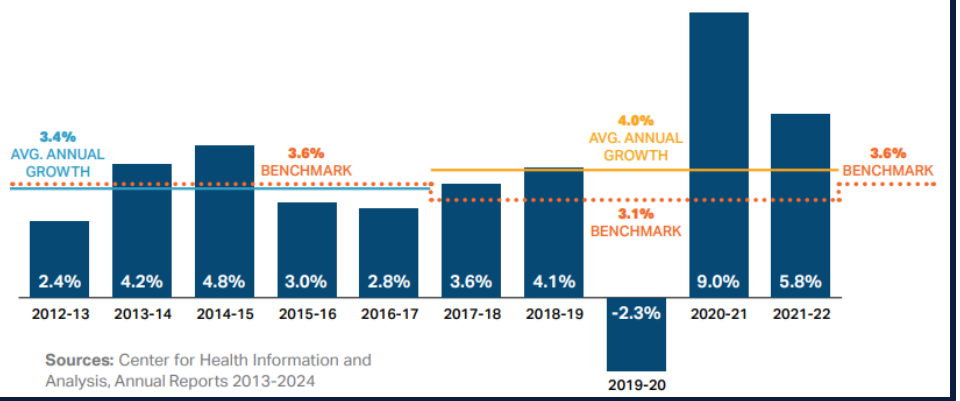
Exploring

- Continue to conduct market reviews to ensure best in class pricing
- Evaluate new market entrants and opportunities

Healthcare affordability is a National and Local challenge

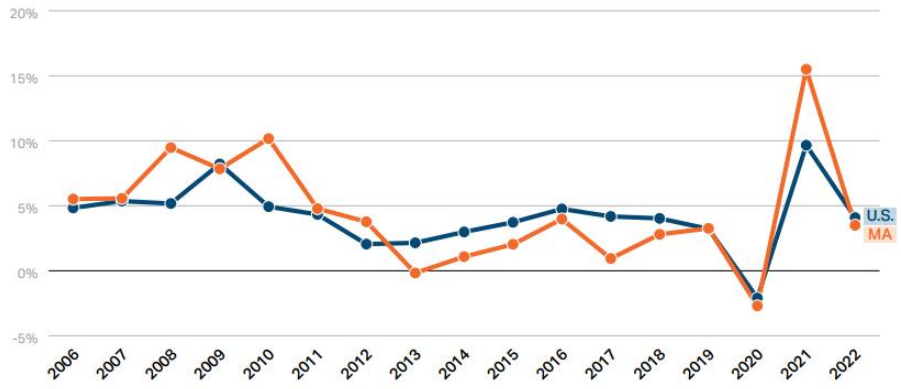
In the post-COVID era, Massachusetts medical trend has continued to exceed the HPC benchmark

Exhibit 1.1. Annual growth in total health care expenditures per capita in Massachusetts



Sources: Center for Health Information and Analysis, Annual Reports 2013-2024

Exhibit 2.12. Annual growth in per capita commercial health care spending, Massachusetts and the U.S.

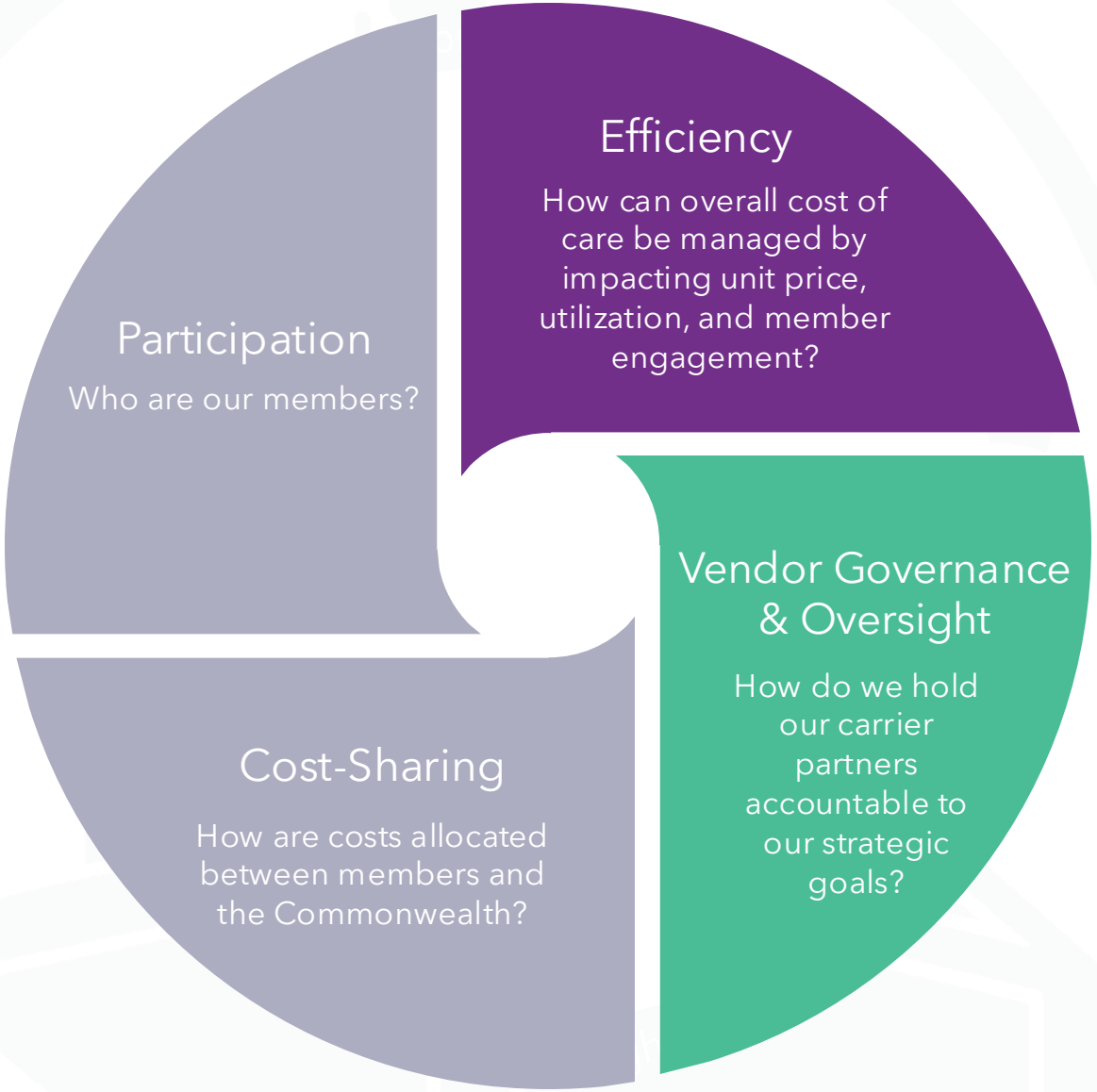


Notes: Massachusetts data represent full-claims members only. Commercial spending is net of prescription drug rebates and excludes net cost of private health insurance.

Sources: Centers for Medicare and Medicaid Services, National Healthcare Expenditure Accounts Personal Health Care Expenditures, 2014-2022 and State Healthcare Expenditure Accounts 2005-2014; Center for Health Information and Analysis (CHIA) Annual Report on the Performance of the Massachusetts Health Care System 2014-2022

National trends similarly continue to exceed CPII and align closely with Massachusetts trends

Affordability for members and the Commonwealth



The GIC's Approach: Participation & Cost Sharing

Participation

- The GIC's eligibility is mandated by statute
- The GIC has rigorous processes in place to ensure proper eligibility is documented at time of enrollment

Cost-Sharing

- The GIC aim is to continuously balance member contributions and point-of-service costs (deductible & copays)
- Based on member survey data, GIC members prefer low out-of-pocket costs over lower contributions

Areas of Strategic Exploration

- Evaluate rate tiering to ensure appropriate cost allocations across the membership
- The GIC strives to maintain current benefit levels which are generous compared to the market
- Changes in plan design and portfolio offerings are explored annually to evaluate the benefit to members and affordability for all

The GIC's Approach: Efficiency

Efficiency	The GIC is primarily focused on efficiency initiatives. Efficiency initiatives aim to addressing the total cost of healthcare by improving health outcomes, reducing unit costs, or ensuring appropriateness of care.

Areas of Strategic Exploration

- Managing OON Spend
- Explore alternative site of care payment models
- Opportunities to improve chronic condition management
- Steer members to most appropriate site of care for routine surgical needs

The GIC is continually evaluating opportunities and solutions as new entrants enter the market, or market conditions change. The GIC will explore these items further in the coming months.

The GIC's Approach: Vendor Governance & Oversight

Vendor Governance & Oversight

- The GIC fosters a collaborative relationship with each of its health plan and PBM partners with a focus on affordability
- The GIC utilizes its semi-annual stewardship meetings and ongoing biweekly check-ins to ensure accountability to the GIC's goals

Ongoing Management

Transparency with provider negotiation results and analytics

Explore new market offerings and programs offered by health plans

Adherence to Financial Performance Guarantees in alignment with HPC Benchmark and CHIA market data

GIC considers affordability for members and the Commonwealth in everything it does

What's next on affordability

- The GIC has identified affordability as one of its strategic pillars and continues to have a strong focus in this area
- The GIC continues to leverage various tools at its disposal to address affordability
- The GIC is committed to continually evaluating new affordability initiatives and solutions to identify opportunities that align with its goals
- However, there are strong headwinds in the national and local markets, and expected market trends continue to climb for 2025 and beyond
- The GIC continuously monitors the market for innovative approaches to improving affordability for the members and the Commonwealth including discussing programs and initiatives other states have implemented

V

OTHER BUSINESS / ADJOURNMENT

Valerie Sullivan, Chair
& Matthew Veno, Executive Director

2024 Group Insurance Commission Meetings & Schedule

January	February	February	April	May
18	NO MEETING	29	NO MEETING	16

June	September	October	November	December
20	19	NO MEETING	21	19

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:

- Until further notice, Commissioners will attend meetings remotely via a video-conferencing platform provided by GIC.
- 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.

Note: Topics and meeting dates are subject to change

Appendix

Commission Members

GIC Leadership Team

GIC Goals

GIC Contact Channels

Commission Members


Valerie Sullivan, Public Member, Chair


Michael Caljouw, Commissioner of Insurance


Elizabeth Chabot, NAGE


Edward Tobey Choate, Public Member


Tamara P. Davis, Public Member


Jane Edmonds, Retiree Member


Joseph Gentile, Public Safety Member

Gerzino Guirand, Council 93, AFSCME, AFL-CIO


Bobbi Kaplan, NAGE, Vice-Chair


Matthew Gorzkowicz, Secretary of Administration & Finance

Patricia Jennings, Public Member


Eileen P. McAnneny, Public Member


Melissa Murphy-Rodrigues, Mass Municipal Association

Jason Silva, Mass Municipal Association


Anna Sinaiko, Health Economist


Timothy D. Sullivan, Massachusetts Teachers Association


Catherine West, Public Member

GIC Leadership Team

Matthew A. Veno, Executive Director

Erika Scibelli, Deputy Executive Director

Emily Williams, Chief of Staff

James Rust, Chief Financial Officer

Paul Murphy, Director of Operations

Andrew Stern, General Counsel

Stephanie Sutliff , Chief Information Officer

Brock Veidenheimer, Director of Human Resources

GIC Goals

1	Provide access to high quality, affordable benefit options for employees, retirees and dependents
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Contact GIC for Enrollment and Eligibility

- **Enrollment**
- **Qualifying Events**
- **Information Changes**
- **Retirement**
- **Life Insurance**
- **Marriage Status Changes**
- **Premium Payments**
- **Long-Term Disability**
- **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 1413, 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

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
Mass General Brigham Health Plan	(866) 567-9175	massgeneralbrighamhealthplan.com/gic-members
Harvard Pilgrim Health Care	(844) 442-7324	point32health.org/gic
Health New England	(800) 842-4464	hne.com/gic
Tufts Health Plan (Medicare Only)	(855) 852-1016	Tuftshealthplan.com/gic
Wellpoint Non-Medicare Plans Medicare Plans	 (833) 663-4176 (800) 442-9300	wellpoint.com/mass