GROUP INSURANCE COMMISSION

Charles F. Hurley Building
19 Staniford Street
Boston, MA 02114

MINUTES OF THE MEETING

NUMBER:	Six Hundred Thirty-Eight
DATE:	February 22, 2018
TIME:	8:30 AM.
PLACE:	Transportation Building, 10 Park Plaza, Boston, MA 02116

Members Present:

VALERIE SULLIVAN (Public Member), Chair

GARY ANDERSON, (Commissioner of Insurance)

TAMARA P. DAVIS (Public Member)

EDWARD T. CHOATE (Public Member)

JOSEPH GENTILE (AFL-CIO, Public Safety Member)

MELVIN A. KLECKNER (Massachusetts Municipal Association)

BOBBI KAPLAN (NAGE)

JANE EDMONDS (Retiree Member)

MICHAEL HEFFERNAN (Secretary of Administration and Finance)

MARGARET THOMPSON (Local 5000, SEIU, NAGE)

TIMOTHY D. SULLIVAN, Ed. D. (Massachusetts Teachers Association)

Vacant Seats:

Health Care Economist

MMA

Members Absent:

EILEEN P. MCANNENY (Public Member)

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

THERON R. BRADLEY (Public Member)

CHRISTINE HAYES CLINARD, ESQ. (Public Member)

I. Approval of Minutes from January 18 Commission

Chair Sullivan called the meeting to order. She asked for a motion to approve the minutes from the January 18 meeting. It was seconded by Commissioner Bobbi Kaplan and was unanimously approved.

Commissioner Tim Sullivan raised a concern that the public was unable to submit written testimony at the public meetings. He noted that we did not have the ability to do this, and suggested that the GIC should allow written testimony to be considered in the future.

II. Director's Report – Roberta Herman, M.D.

The Executive Director outlined the meeting goals which were to conduct regular business, and to gain approval on a series of procurement and rate votes.

She outlined legislative meetings that have occurred since the last commission meeting including a meeting with Karen Spilka, Chair of Senate Ways and Means, James Welch, Chair of the Joint Commission on Healthcare Financing; and Ron Mariano, House Minority Leader. She said that the GIC needs to continue to build relationships with legislators and their staff. The legislators were gracious and professional, but also honest in providing feedback. A specific suggestion was to have the GICs Director of Legislative Affairs work with legislative staff to present a healthcare 101 briefing. Additional meetings with legislators are scheduled for the future.

The Executive Director noted that the GIC has been developing communication channels with union leaders. She has been outreaching to these leaders so they will feel updated and kept apprised of GIC goings-on.

Next she wanted to go on the record acknowledging that there are certain topics that need to be worked on as a commission. Through June the GIC will be working on open enrollment and getting people into products. Then, there will need to be a detailed discussion on governance and the rules of the road for the commission over the summer. Additionally, there will be information shared and discussed about the procurement process, what we can and can't do. She noted that she wanted to have an understanding of what we have in terms of constraints, and how we abide by the regulations. This work will inform the calendar going forward. Finally,

she acknowledged that the affordability task force work was put on hold but will now re-group and will be coming to the commission for a deeper discussion at a future meeting.

III. Functional Reviews – Catherine Moore

- March Estimated Premium Payments:

The Budget Director discussed the March estimated premium payments and asked for a vote to approve their payment. Commissioner Choate made the motion, and it was seconded by Commissioner Kaplan. The vote passed unanimously.

- January Claim Report:

The Budget Director presented the claims reimbursements made in January for the self-insured plans. She noted that compared to one year ago, this month's spending increased by almost $10 million. She noted that there had been one other month that was more expensive but it was only by $200,000. This is a change and it will be important to monitor to see if it continues. She noted that overall claims are still below the budgeted amount despite the higher expenses in January. Additionally, the surplus year to date had increased, and was now close to a 5% surplus. She noted that employee payments are in a separate fund that stay in the enrollee claims reserve and doesn't go back to the state. Sometimes there is a deficit and sometimes not.

Next, The Budget Director outlined data that showed the updated budget charts and the FY18 State Share Premium Budget for All Accounts. This was informational only and did not conclude in a vote.

IV. Dental / Vision Rates – Nick Federoff

Nick Federoff, the dental program coordinator, presented the dental and vision rates for FY19 for commission approval. He reminded the Commission that, by legislative mandate, dental and vision is offered to the legislature and certain executive branch employees. Union employees get these coverages through the unions.

He outlined the differences between the active classic plan and the value plan. He noted that unlike the active plans, the retiree plan is a schedule of benefits and is a retiree pay all plan. Enrollment is significantly larger in the retiree plan than in the active plans.

He said that the dental contract was re-procured last year and continues with MetLife for both active and retiree dental. He noted that Davis vision had two optional one-year extensions remaining on its contract. Lastly he discussed how the rates were reviewed by our consultant before being presented to the Commission.

He presented the rates for the active dental and vision plan. He noted the impact of an ACA tax that will be assessed this year, adding 1.8% to the rates. However, even though the rates are increasing, members are still paying less than they were prior to the re-procurement and they are getting better services, coverages and annual maximums. Next, he presented the retiree premiums that were developed during last year's procurement. He noted that premiums were negotiated to stay constant, but had to be adjusted to add the 1.8% ACA tax. He said that members are paying less than what they did when the plan was initiated in 2002.

Commissioner Edmonds and Commissioner Choate asked about the ACA taxes and the rationale for having separate retiree dental and active dental. Mr. Federoff answered these questions and then the Chair called for a vote. Commissioner Kleckner made the motion, which Commissioner Choate seconded. The vote passed unanimously.

V. EAP Recommendation on Vendor & Rates – Alice Trugerman – WTW

Karin Eddy, Dir. Admin Services/HR

The Executive Director then introduced the employee assistance program (EAP) recommendation on vendor and rates. She reminded commissioners that a decision was made to carve in behavioral health to our health plan vendors, and that this highlighted the fact that there was patchy coverage for EAP. She noted that EAP is something that we wanted to offer to active employees, and it can be a bridge to long-term services. She stated that using the GIC size and leverage would allow us to get the best program and price for active workforce and families.

The Executive Director then introduced Alyssa Trugerman, North American practice coleader for behavioral health for Willis Towers Watson. She gave an overview of what an EAP program is meant to do.

EAP is comprised of four core services: brief counseling with an ability to transition to long term; provide work life balance (child care, pet care, elder care, legal services); helping managers and supervisors when they see employees struggling at work; critical incidents counseling and training to defuse stressful work place events and on how to handle the ongoing stress that those events produce (healthcare workers, child services, often can be exposed to these types of events).

She then presented information about how there is a particular need for EAP services and how emotional health should be on par with physical health. She noted that the GICs current program was not able to be properly promoted because not all members had access to it. She shared additional insights on the need for EAP programs.

The GIC's Director of Administrative Services and HR presented the recommendation. She reiterated the point that it was challenging to help employees because of the patchwork

systems of EAPs that were in existence and that because of the patchwork, it's been difficult to market and engage members. By better promoting the program, we'll be able to increase use and that the recommended vendor has a person that will work with other EAPs that are in-house.

Additionally, she said that the team wanted a broad offering and wanted to have GIC really connect with members. She noted that the GIC partnered with the Executive branch human resources division because they were doing a similar RFR (theirs was narrow and could only offer to executive branch) but that the GIC would have broader reach and the GIC's purchasing power would bring in a better price.

Chair Sullivan asked if the executive branch saved money by this. The Executive Director answered that that would not be known, but would be something we would look at in the future. Commissioner Davis asked how the cost of the EAP was going to be covered, whether there would be a gatekeeper, how it related to the medical benefits and how will it be implement so it's not frustrating to members?.

The Director of Administrative Services explained that we sought a vendor who would engage members and partner with those that already have in-house services.

The Chief of Staff added that the vendor had provided some examples of posters, email campaigns on telehealth –and mental health awareness through social media and other formats that would drive broader awareness. She noted that we see a lot of opportunity.

Commissioner Kaplan asked about the size of the vendor's network compared to the current vendor. The Director of Administrative Services noted that the team asked about the network as well as about access.. The team asked for GeoAccess in the procurement and that the recommended vendor had 100% coverage. Additionally, they had created a specialty network to make sure services are available, and they have committed to growing that part of the network.

The Director of Administrative Services then moved on to the vendor recommendation describing the procurement process, scoring and why Optum was the team's choice. She asked for a vote to approve Optum. She noted that Optum's score was very high and that they especially scored well in supplier diversity.

Commissioner Kaplan asked if there would be a co-pay. The Executive Director noted that there would be no co-pay and that EAP would be provided as part of a workplace offering that no member would have to pay separately for.

Commissioner Choate requested that there be a key performance indicator developed and that utilization metrics be brought back for the commission's review at future meetings.

Several commissioners expressed their strong support for the important work and offered their assistance in helping promote the program.
Chair Sullivan requested a motion to approve Optum as the vendor, with the rates to come. Commissioner Edmonds made the motion, seconded by Commissioner Davis . The motion passed unanimously.

VI. EGR & RMT Subsidy Rate Approvals **Catherine Moore**

The Budget Director asked the commissioners to direct their attention to slides being displayed and details in their packets related to subsidizing rates for elderly governmental employees and retired municipal teachers. She described what these trust funds were for, and showed the impact of the subsidization on the rates that these groups would pay.

The Executive Director noted that EGRs and RMTs were in pool two, and that subsidizing the rate was not a new practice that arose in the context of this year's procurements; it was about returning money to people that have paid into this trust fund. She noted that the GIC has been smoothing rates for years for RMTs. She noted that once you have been subsidizing, it's hazardous to simply discontinue. She asked the commission to continue to stabilize the rates in a way that is consistent with its behavior up until now.

Commissioner Davis asked about whether the stabilization reserve fund was earning interest. A back-and-forth ensued and the Acting Budget Director noted a next step would be to look at the investment potential of this account. Her understanding was that the only option was to have it be in a certain interest-bearing account as it currently was, but said she would check again. Chair Sullivan asked for a motion to approve these funds for stabilization. Commissioner Kaplan made the motion. Commissioner Sullivan seconded the motion and it passed unanimously.

VII. Full Cost Premiums – **Roberta Herman, M.D.**
Tracy Reimer, Catherine Moore

The Executive Director provided an executive summary of the full cost premiums for the health plans. She described pool one versus pool two, and said that an overview would be presented in order to assist the commissioners in processing the information in the presentation.

The Executive Director gave a brief overview of how a premium is developed for a self-insured plan. She described and contrasted the process for a fully insured plan.

She presented summary slides that showed in fiscal year 19 the average premium increase will be 0%, well ahead of the goal of 2%. She noted that there are still some trouble spots, but that the 0% increase is an aggregate percentage rate. Moreover, 50% of enrollees will see a decrease. She noted that this is not something we should expect to see every year, this is a reflection of the actions to outsource pharmacy and move to an ASO funding mechanism. She

shared that Willis towers Watson told us the market is expecting 6 to 8% increases, and health policy commission goal is to be less than a 3.1% increase.

She shared data on pool one, noting that Medicare premiums are going down 2% and non-Medicare is up 0.4%. She pointed out differences among premiums and certain plans and gave reasons for those.

She moved on to fully insured pool two premiums. She noted problem areas for 315 enrollees in the non-Medicare HMO product, how they have to migrate to something different as UniCare was the only bidder.
Commissioner Edmonds asked some definitional questions about pool two, and asked what could be done to help out this population. The Executive Director responded that ultimately, possibly in FY20, it might be preferable to merge Pool 2 with Pool 1.

Commissioner Kaplan, Chair Sullivan, and Commissioner Davis asked additional questions about the non-Medicare eligible people in pool two. These questions were answered by the Executive Director with help from the Acting Budget Director.

Commissioner Thompson left at 10:30.

The Assistant Director of Strategic Initiatives spoke about the process of the procurements leading up to these premium results. She spoke about the three concurrent procurements, the initial decisions to carve out pharmacy and carve in behavioral health, as well as the decision to make all commercial and the Medicare supplement plans self-insured. She reminded the Commissioners that they agreed on the vendors, and then agreed on the medical benefit design changes, and reviewed some of the significant changes. She reviewed a slide showing how different elements of strategic actions led to the 0% aggregate increase. She noted that this is an exceptional and historic result for members and the Commonwealth

Next, the Budget Director reviewed slides showing specific rates by vendor and product. She walked through the product specific rates for families and individuals at various contribution levels. Commissioner Davis asked about what CIC is, and the Budget Director explained its historical context and its current usage.

The Budget Director described how the Fallon senior plan was discontinued and the GICs assumptions about why these members would move to the Tufts Medicare Complement plan.

Next, she displayed the cost premiums for all of Pool 1 and noted that this is what the commission will vote on.

She then displayed the rates for pool two, noting that there are some new products in their so there would not be the ability to compare last year's to this year's premiums across all of those products.

The Executive Director recapped by summarizing what the next steps were. She said in previous meetings the commissioners approved carriers and products, and today needed to vote on rates. She shared a summary of key member considerations, and noted that the GIC has been upfront and transparent about these members, and is engaging in communications planning and other activities to address pain points. She asked that the commission vote to approve the rates.

Commissioner Choate, Edmonds, and Davis asked if there was the ability to vote on the rates separately; the Executive Director noted that ideally the rates would be voted on as a slate.

Commissioner Davis moved to approve the rates. Commissioner Kaplan seconded it. Chair Sullivan asked if there was further discussion. Commissioners Kleckner, Davis and Choate asked about the terms of the contracts and how we would know about future rates. Commissioner Edmonds re-iterated her concerns about Pool 2.

After further discussion, Chair Sullivan asked for a motion to approve the rates with the assumption that the team would review any available options to solve for Pool 2 in FY19. Commissioner Kaplan moved to approve the rates. Commissioner Choate seconded the motion. The rates were unanimously approved.

VIII. MUNICIPAL ADMINISTRATION FEE - Roberta Herman, M.D.

The final agenda item related to approving the municipal administration fee. The Executive Director stated that she would like to keep the municipal administration fee at a 0.35%.

It was asked how many municipalities are in the GIC and the answer was 52 communities.

Chair Sullivan asked for a motion to approve the fee as presented. Commissioner Kaplan made the motion and Commissioner Kleckner seconded. The motion passed unanimously.
Chair Sullivan noted that five minutes remained.

IX. IN CLOSING AND OTHER BUSINESS: Roberta Herman

Commissioner Sullivan asked to speak and shared his concerns about issues with receiving information in a timely manner on complex subjects. He thanked the staff for getting the materials to him the previous Friday, and thanked the Chair for doing work to improve communications. He then said he had a motion to be brought forward. He distributed his motion to the commissioners and outlined its specifics. He said he hopes information will be provided 21 days ahead of any vote. The motion also commits the GIC to work with the

legislature to provide information to members and more transparency. He asked that the motion be taken up at the April meeting. He then read the motion out loud.

Chair Sullivan thanked him for the motion, and expressed that she wants to continue to look at process and wanted to make sure commissioners could make edits or changes to the motion. She said that she wants to ensure that feedback would be provided to help the work that the staff is doing but felt comfortable that the staff had listened. All the commitments the staff made had been executed on, based on what was just voted on. A comment was made that various constituents need to feel that they were listened to, but that is separate from having the right process in place. She expressed her appreciation for Commissioner Sullivan's efforts.

Commissioner Davis was concerned about timing. She noted that open enrollment was coming up. There are many variables in running an enterprise and you only have so many people and so much time. The motion was a great idea, but she was concerned that doing it next month might not be as productive as it could be because the staff will be overwhelmed with open enrollment. She asked if the motion could be postponed to June when open enrollment would be over.

Chair Sullivan said we could potentially work in the off months and continue to talk about it over the summer and make a decision.

Commissioner Kleckner left at 10:40

Chair Sullivan asked if there was any other business.

The Executive Director noted that Chief of Staff is well along in her pregnancy and would not be at the June meeting; she gave people a chance to wish her well. Applause followed. Chair Sullivan requested a motion to adjourn. Commissioner Sullivan so moved and it was generally seconded. The meeting was adjourned at 10:45.

Respectfully submitted,

Roberta Herman

Roberta Herman, M.D.

Executive Director

Appendix A

Materials Distributed at February 22, 2018 Commission Meeting

1. January 18, 2018 Commission Meeting Minutes
2. Commission Meeting Package – Feb 22, 2018