



COMMISSION MEETING

FEBRUARY 28, 2019

 *Group Insurance Commission*

 *@MassGIC*

I. Approval of Minutes (*VOTE*)

**Approval of Commission
Meeting Minutes**
February 7, 2019

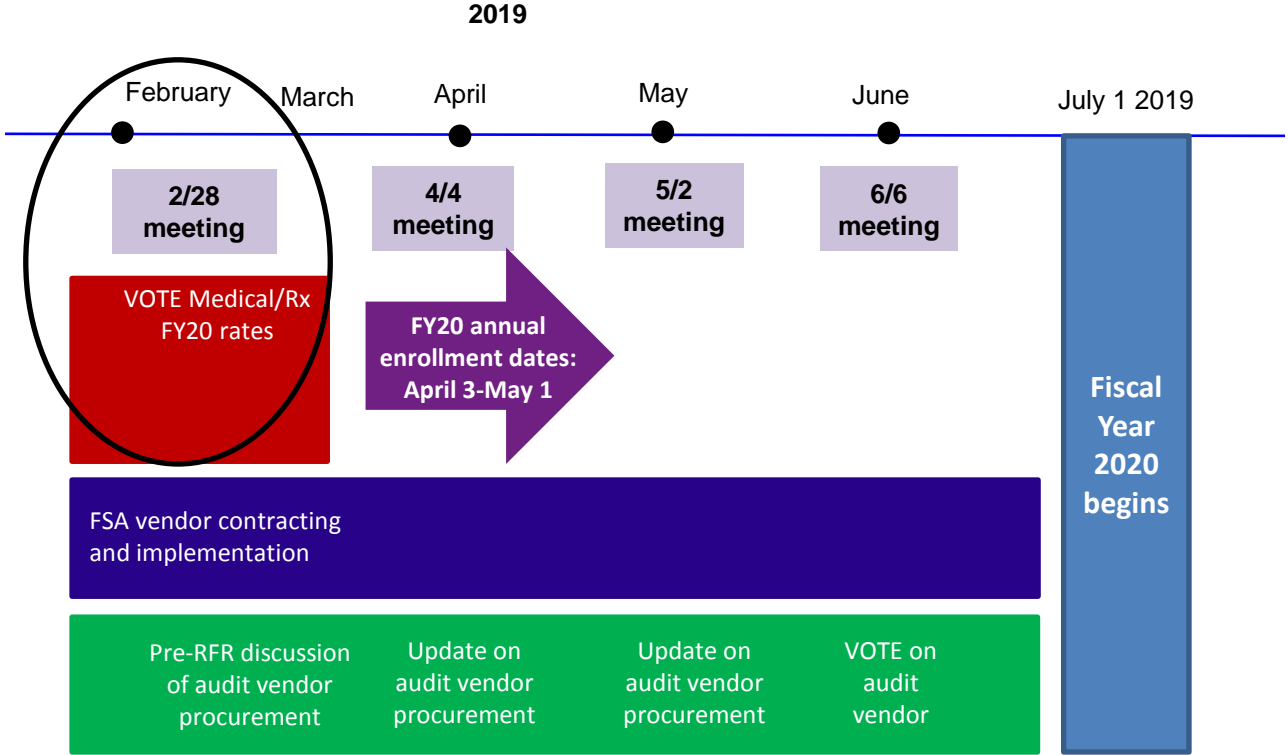
Agenda

	Topic	Speaker	Time
I.	Approval of Minutes 2/7/19 (VOTE)	Valerie Sullivan	8:30-8:35
II.	Director's Report (INFORM) <ul style="list-style-type: none"> • Pre RFR Discussion of audit vendor procurement • AFL-CIO Letter • UniCare Behavioral Health 	Roberta Herman, M.D.	8:35-8:45
III.	Fiscal Year 2020 Premium Reserve Allocation for EGRs & RMTs (VOTE)	Jim Rust	8:45-8:55
IV.	Fiscal Year 2020 Full Cost Premiums Recommendations (VOTE)	Roberta Herman, M.D. Tracy Reimer Vince Kane, WTW	8:55- 9:55
V.	Fiscal Year 2020 Municipal Administrative Fee (VOTE)	Jim Rust	9:55-10:15
VI.	Other Business	Roberta Herman, M.D. & Valerie Sullivan	10:15-10:30

II. Director's Report (*INFORM*)

<p>Meeting Goals What are we trying to accomplish today?</p> <ul style="list-style-type: none"> • Complete regular business (minutes, updates, reports) 	<p>What You Should Know How are we doing? What's new?</p> <ul style="list-style-type: none"> • Pre RFR discussion of audit vendor procurement 	<p>Key Decisions, Votes, & Actions What do we need from you?</p> <ul style="list-style-type: none"> • Minutes from 2/7 • Fiscal Year 2020 Premium Reserve Allocation for EGRs & RMTs • Fiscal Year 2020 Full Cost Premium Recommendations • Municipal Administrative Fee
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Calendar of Commission meetings, public listening sessions, vendor procurement milestones, and Fiscal Year 2020 rate development



- Commission Meeting
- Medical & Behavioral Health (Med/BH/Rx)
- Flexible Spending Account (FSA) procurement
- Audit procurement
- FY20 annual enrollment

III. Fiscal Year 20: Premium Reserve Allocation for EGRs and RMTs (*VOTE*)

**Fiscal Year 2020:
Premium Reserve Allocation for Elderly Government
Retirees (EGRs) & Retired Municipal Teachers (RMTs)**

Returning Premium Reserves to Elderly Governmental Employees (EGR) and Retired Municipal Teachers (RMT)

- Rationale: The EGR and RMT programs, by statute, were fully insured and had insurance reserves accounts associated with them
- Over the years, these reserve accounts accumulated excess funds made up of enrollee contributions
- Historically, we have asked for authorization to use the excess funds in these accounts to reduce the premiums for the EGRs and RMTs, the populations that paid into the accounts
- The remaining pool of EGR enrollees is shrinking and there remains sufficient funds to reduce their premiums
- We ask you to vote on the use of these funds so that we may then apply them to the final premiums for these populations (see slide 22)

Elderly Governmental Employees: Returning premium reserves

- Use approximately \$13,000 of the \$70,000 projected EGR premium reserve balance to offset the insured share of the Fiscal Year 2020 Individual, Family, and Medicare premiums to achieve a 0% increase
- Use approximately \$5,000 of the \$60,000 projected EGR CIC premium reserve balance to offset the insured share of the Fiscal Year 2020 Individual, Family, and Medicare CIC premiums

Retired Municipal Teachers: Returning premium reserves

Apply the remaining Retired Municipal Teachers (RMT) premium reserve balances to lower RMT rates

- Use approximately \$200,000 of the \$675,000 projected (as of 6/30/19) RMT premium reserve balance to offset the insured share of the Fiscal Year 2020 Individual, Family, and Medicare premiums.
- Apply the remaining \$28,000 of the RMT CIC reserve balance to offset the Fiscal Year 2020 insured share of the Medicare CIC premium.



Vote

Approve recommended spending from...

- The Elderly Government Retirees (EGRs) and
- The Retired Municipal Teachers (RMTs)

... use premium reserve balances towards Fiscal Year 2020 premiums as presented.

IV. Fiscal Year 2020 Full Cost Premiums Recommendations (*VOTE*)

Fiscal Year 2020 Full Cost Premiums Recommendations

The Group Insurance Commission

Fiscal Year 2020 Full Cost Premium Presentation and Vote

GIC Commission Meeting
February 28th, 2019

Table of Contents

- Recap executive summary
- Overview of premium rate development
- Impact of benefit design changes on premiums
- Executive summary
- Fiscal year 2020 full cost premiums by product
 - Medicare
 - Non-Medicare
- Vote to approve fiscal year 2020 full cost premiums

Recap Executive Summary

Reflection and Looking Ahead

FY2019

- **Pharmacy benefits:** carved out for active and Medicare plans
- **Behavioral health benefits:** integrated with medical
- **Benefit Harmonization:** OOP maximums aligned across plans
- **Steerage:** Limited network deductibles reduced (*from \$500 to \$400*)
- **Provider Tiering** Tier 3 specialist copay reduced (*from \$90 to \$75*)
- **Pool 2 eliminated:** all plans available for all members
- **Aggregate rate increase: 0%**
- Employee Assistance Program (EAP): Introduced

FY2020

- **Medicare:** no benefit changes
- **Non-Medicare:** All carriers, products, yearly deductibles remain the same
- **Benefit Harmonization:** Catalogue “below the line” benefit inconsistencies.
- **Steerage:** Introduce differential co-pay to steer members to lower cost settings for ambulatory surgery
- **Provider Tiering:** Move from individual to group for all Specialists
- **Aggregate projected increase:** for FY20: 3.3%
- Socialization of above focus areas with key stakeholders

FY2021 & Beyond*

- **Centers of Excellence:** Use GIC’s buying power to concentrate volume with high value providers.
- **Benefit Harmonization:** Re-visit opportunities to correct benefit inconsistencies
- **Steerage:** Consider additional opportunities to steer (e.g. high tech imaging)
- **Provider Tiering:** Align tier assignments within groups for primary MDs, facilities, specialists
- Continued socialization

**Priorities and projects still under development*

Overview of premium rate development



Why are we here today?

- Based on the medical and pharmacy carriers and plan design offerings, WTW develops Fiscal Year 2020 (FY20) full cost rates for each of the GIC's products under the Non-Medicare and Medicare groups
- The purpose of this discussion is to present these FY20 full cost premiums for Commission approval and to provide the background on how premiums are developed



What are premiums?

- A premium reflects the total sum of money that the product is expected to cost in claims and fees, including the Commonwealth, municipalities, and member portions; typically displayed as a monthly amount
- Out-of-pocket costs such as deductibles and point of service copayments are not included in premiums
- Premiums reflect the full cost, and the member contribution is a percent of the premium



Who takes on the claims risk?

- Self-insured (i.e., ASO): The GIC funds claims as they are paid and the carrier provides administrative functions, but assumes no insurance risk
- Fully-insured: The carriers assume full risk of loss and keep all gains



How are the premiums developed?

- Premiums are developed differently depending on the funding mechanism (fully or self insured)
- Self-insured (i.e., ASO): WTW actuaries calculate Fiscal Year 2020 premiums utilizing claims data, member data, and actuarial assumptions; the individual and family rates reflect the claims experience and demographics for each product offered (applies to Non-Medicare, Medicare Supplement, and Rx portion of Medicare Advantage plan for the GIC)
- Fully-insured: The carrier develops and determines the fully insured Fiscal Year 2020 rates for the GIC (medical portion of Medicare Advantage plan)

Impact of benefit design changes on premiums

Benefit design changes approved on Feb. 7th

Fiscal Year 2020 GIC Medical and Pharmacy Pricing	Total Annual Premium Expense (\$millions)	Incremental % Change	% Change from FY 2019
FY 2019 Premium Expense (Heads x Premium)¹	\$2,705.4		
FY 2020 Projected 'Status Quo' Premium Expense (Heads x Premium)¹	\$2,794.2		3.3%
Steerage	\$0.9	0.0%	
Provider tiering	\$2.0	0.1%	
Ambulatory surgery center * (\$150 freestanding / \$250 non-freestanding)	-\$1.2	0.0%	
FY 2020 Projected Premium Expense	\$2,795.1		3.3%

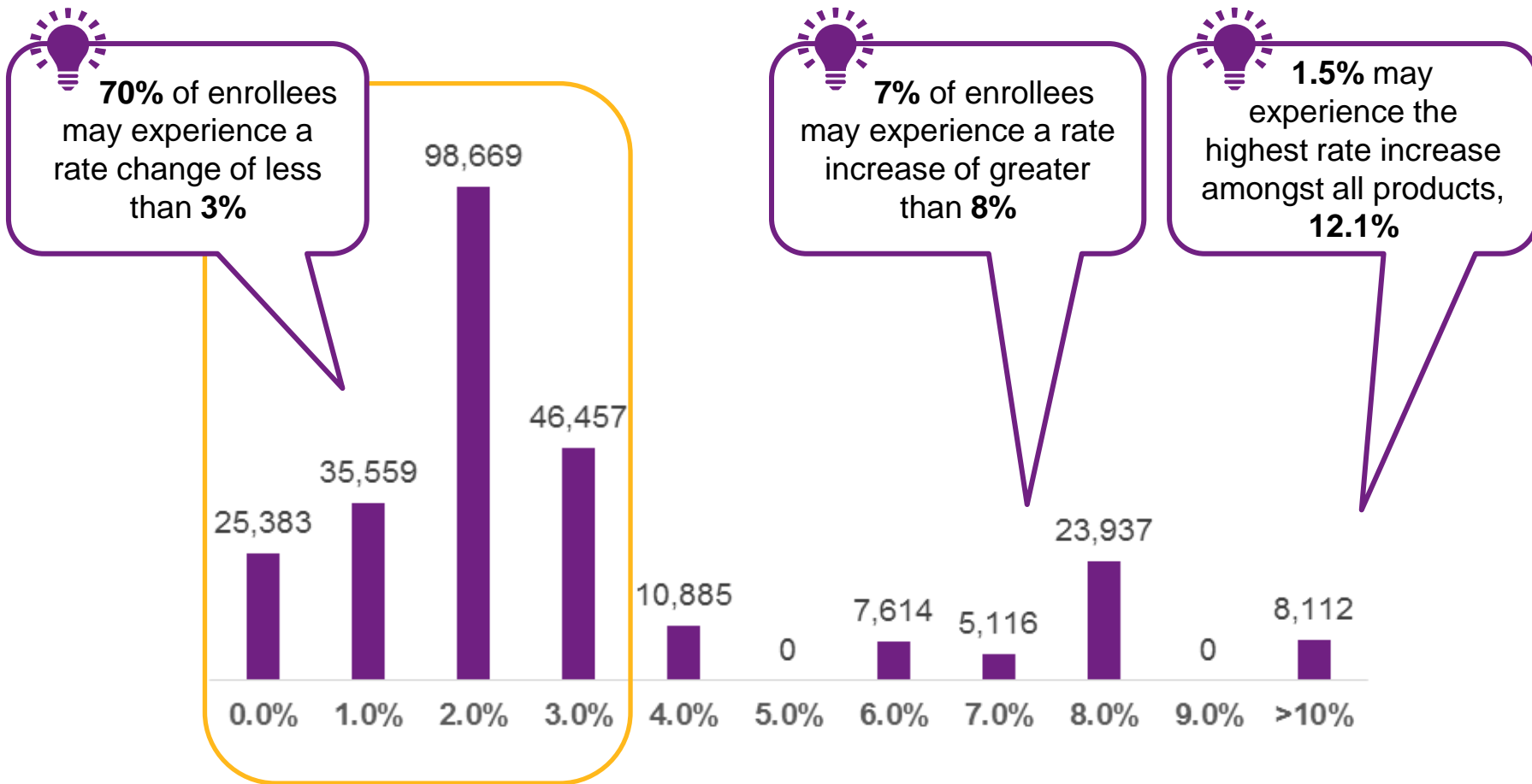
¹Based on enrollment as of July 2018, all Non-Medicare and Medicare plans

- Specialist provider and ambulatory surgery center tiering produce an aggregate budget impact of \$900k (~0%)
- Since the aggregate budget increase is 3.3%, the overall average Fiscal Year 2020 premium change is +3.3%

**Note, the change in ASC tiering is applicable to eye and GI ambulatory surgery only*

Executive Summary

Overall average Fiscal Year 2020 premium increase of **3.3%** over Fiscal Year 2019



Caveats:

- *These are premium rates – not member contributions
- *CIC is paid 100% by enrollees, so some enrollees will see larger contribution increases
- *Enrollment as of July 2018 and does not reflect potential migration between plans

Fiscal Year 2020 Full Cost Premiums

Medicare

Product	Carrier	Tier	Projected Enrollment*	FY19 Rates**	FY20 Rates	% Increase Over FY19 Rates
Medicare Advantage	Tufts Medicare Preferred	Individual	4,748	\$320.85	\$321.31	0.1%
Medicare Supplement	Tufts Medicare Complement	Individual	8,778	\$360.47	\$370.20	2.7%
	UniCare OME w/o CIC	Individual	278	\$367.30	\$375.00	2.1%
	UniCare OME w/CIC	Individual	82,262	\$378.35	\$385.58	1.9%
	HPHC Medicare Enhance	Individual	15,956	\$381.26	\$389.76	2.2%
	HNE Medicare Supplement	Individual	3,122	\$385.47	\$390.44	1.3%

*Enrollment counts as of July 2018

**UniCare OME FY19 rates reflect Pool 1 rates



Key Insights

- Benefits remain the same as Fiscal Year 19 and the premium increases across all plans are modest
- The majority of GIC Medicare-eligible members are in UniCare OME and Tufts Medicare Complement

- Overall average Fiscal Year 2020 premium increase amongst Medicare products is 2.0%
- There is little premium variation across Medicare Supplement products with a maximum premium differential of \$20/month

Fiscal Year 2020 Monthly Member Contributions

Medicare: Year over year changes range from (-\$3.20) to \$0.65 per month

						FY 19
Product	Carrier	Tier	Member Contributions			Member Contributions
			90%/10%	85%/15%	80%/20%	80%/20%
Medicare Advantage	Tufts Medicare Preferred	Individual	\$32.13	\$48.20	\$64.26	\$67.47
Medicare Supplement	Tufts Medicare Complement	Individual	\$37.02	\$55.53	\$74.04	\$73.39
	UniCare OME w/o CIC	Individual	\$37.50	\$56.25	\$75.00	\$74.76
	UniCare OME w/CIC*	Individual	\$48.08	\$66.83	\$85.58	\$85.81
	HPHC Medicare Enhance	Individual	\$38.98	\$58.46	\$77.95	\$77.55
	HNE Medicare Supplement	Individual	\$39.04	\$58.57	\$78.09	\$78.39

*CIC portion of UniCare OME rate is 100% paid by member

Note that the member contributions shown above only reflect core medical portion of individual member contributions and do not include other benefits contributions such as life insurance, dental and vision; additional administrative fees may also apply (i.e. municipality fees)

Fiscal Year 2020 Full Cost Premiums

Non-Medicare



Key Insights

Network	Plan	Tier	Projected Enrollment*	FY19 Rates	FY20 Rates	% Increase Over FY19 Rates
Regional	HNE	Individual	5,160	\$549.05	\$568.82	3.6%
		Family	5,725	\$1,301.98	\$1,351.81	3.8%
	AllWays Health Partners Complete HMO	Individual	4,266	\$578.41	\$644.67	11.5%
		Family	3,846	\$1,490.88	\$1,671.84	12.1%
Limited	UniCare Community Choice	Individual	8,338	\$500.41	\$515.71	3.1%
		Family	11,516	\$1,232.21	\$1,272.51	3.3%
	Tufts Spirit	Individual	3,084	\$562.27	\$563.94	0.3%
		Family	1,757	\$1,350.70	\$1,354.20	0.3%
	Fallon Direct	Individual	2,278	\$564.31	\$598.58	6.1%
		Family	1,816	\$1,418.03	\$1,508.95	6.4%
	HPHC Primary Choice	Individual	5,116	\$601.13	\$643.55	7.1%
		Family	5,877	\$1,523.77	\$1,640.74	7.7%
Broad	UniCare Plus	Individual	6,294	\$693.66	\$693.67	0.0%
		Family	9,500	\$1,648.77	\$1,648.83	0.0%
	Tufts Navigator	Individual	12,562	\$740.86	\$745.15	0.6%
		Family	19,875	\$1,805.55	\$1,815.72	0.6%
	Fallon Select	Individual	1,246	\$762.95	\$808.96	6.0%
		Family	2,274	\$1,849.08	\$1,965.01	6.3%
	HPHC Independence	Individual	7,424	\$823.80	\$886.55	7.6%
		Family	10,636	\$2,002.39	\$2,163.92	8.1%
National	UniCare Basic w/o CIC	Individual	173	\$1,006.15	\$1,030.93	2.5%
		Family	131	\$2,224.74	\$2,281.21	2.5%
	UniCare Basic w/CIC	Individual	11,047	\$1,054.70	\$1,082.31	2.6%
		Family	6,647	\$2,335.28	\$2,398.20	2.7%

Regional products are offered by provider-owned carriers; premiums reflect their geographies and/or favorable contracted rates offered by parent organizations

Large rate increase for AllWays Health Partners likely reflects contract changes resulting from transition from a Medicaid-focused to a Commercial carrier

Limited network products focus on more efficient providers, and also attract lower risk members; resulting in lower premiums than their broad network counterparts

Broad network products offer robust networks; premium differentials are as high as 30% across carriers.

National products remain the most expensive; they offer the most generous benefits and maximum choice

- Overall average Fiscal Year 2020 premium increase amongst Non-Medicare products is 3.6%
- Increases range from 0-1% for UniCare PLUS, Tufts Spirit and Navigator; to more than 8% for Harvard Pilgrim Independence, and over 12% for AllWays Health Partners Complete HMO

Fiscal Year 2020 Monthly Member Contributions

Non-Medicare

						FY 20	FY 19
Network	Plan	Tier	Member Contributions			Member Contributions	Member Contributions
			90%/10%	85%/15%	80%/20%	75%/25%	75%/25%
Regional	HNE	Individual	\$56.88	\$85.32	\$113.76	\$142.21	\$138.89
		Family	\$135.18	\$202.77	\$270.36	\$337.95	\$327.13
	AllWays Health Partners Complete HMO	Individual	\$64.47	\$96.70	\$128.93	\$161.17	\$146.23
		Family	\$167.18	\$250.78	\$334.37	\$417.96	\$374.35
Limited	UniCare Community Choice	Individual	\$51.57	\$77.36	\$103.14	\$128.93	\$126.73
		Family	\$127.25	\$190.88	\$254.50	\$318.13	\$309.68
	Tufts Spirit	Individual	\$56.39	\$84.59	\$112.79	\$140.99	\$142.23
		Family	\$135.42	\$203.13	\$270.84	\$338.55	\$339.31
	Fallon Direct	Individual	\$59.86	\$89.79	\$119.72	\$149.65	\$142.20
		Family	\$150.90	\$226.34	\$301.79	\$377.24	\$339.31
	HPHC Primary Choice	Individual	\$64.36	\$96.53	\$128.71	\$160.89	\$151.91
		Family	\$164.07	\$246.11	\$328.15	\$410.19	\$382.57
Broad	UniCare Plus	Individual	\$69.37	\$104.05	\$138.73	\$173.42	\$175.05
		Family	\$164.88	\$247.32	\$329.77	\$412.21	\$413.82
	Tufts Navigator	Individual	\$74.52	\$111.77	\$149.03	\$186.29	\$186.85
		Family	\$181.57	\$272.36	\$363.14	\$453.93	\$453.02
	Fallon Select	Individual	\$80.90	\$121.34	\$161.79	\$202.24	\$192.37
		Family	\$196.50	\$294.75	\$393.00	\$491.25	\$463.90
	HPHC Independence	Individual	\$88.66	\$132.98	\$177.31	\$221.64	\$207.58
		Family	\$216.39	\$324.59	\$432.78	\$540.98	\$502.23
National	UniCare Basic w/o CIC	Individual	\$103.09	\$154.64	\$206.19	\$257.73	\$301.72
		Family	\$228.12	\$342.18	\$456.24	\$570.30	\$668.36
	UniCare Basic w/CIC*	Individual	\$154.47	\$206.02	\$257.57	\$309.11	\$253.17
		Family	\$345.11	\$459.17	\$573.23	\$687.29	\$557.82

*CIC portion of UniCare Basic rate is 100% paid by member

Note that the member contributions shown above only reflect core medical portion of member contributions and do not include other benefits contributions such as life insurance, dental and vision; additional administrative fees may also apply (i.e. municipality fees)

Fiscal Year 2020 Monthly Member Contributions: EGR & RMT

These rates reflect the allocations you previously approved

- The tables display the FY 2020 insured share for UniCare BASIC after these funds are applied

EGR

Carrier	Product	Tier	Insured share after allocation: FY 20		Insured share after allocation: FY 19	
			90%/10%		90%/10%	
UniCare	BASIC & CIC	Individual	\$10.56		\$10.56	
		Family	\$24.40		\$24.40	
		Medicare	\$1.66		\$1.66	

RMT

Carrier	Product	Tier	Insured share after allocation: FY 20		Insured share after allocation: FY 19	
			90%/10%	85%/15%	90%/10%	85%/15%
UniCare	BASIC & CIC	Individual	\$153.47	\$205.01	\$151.47	\$201.25
		Family	\$343.11	\$457.18	\$366.37	\$485.57
		Medicare	\$45.76	\$64.51	\$43.95	\$61.78



Vote

Approve recommended Fiscal Year 2020 full cost premiums as shown on slides 18 and 20.

V. Municipal Administrative Fee (*VOTE*)

Municipal Administrative Fee



Vote

Authorize the GIC to keep the Fiscal Year 20 Municipal Administrative fee at 0.35% of the full cost premiums.

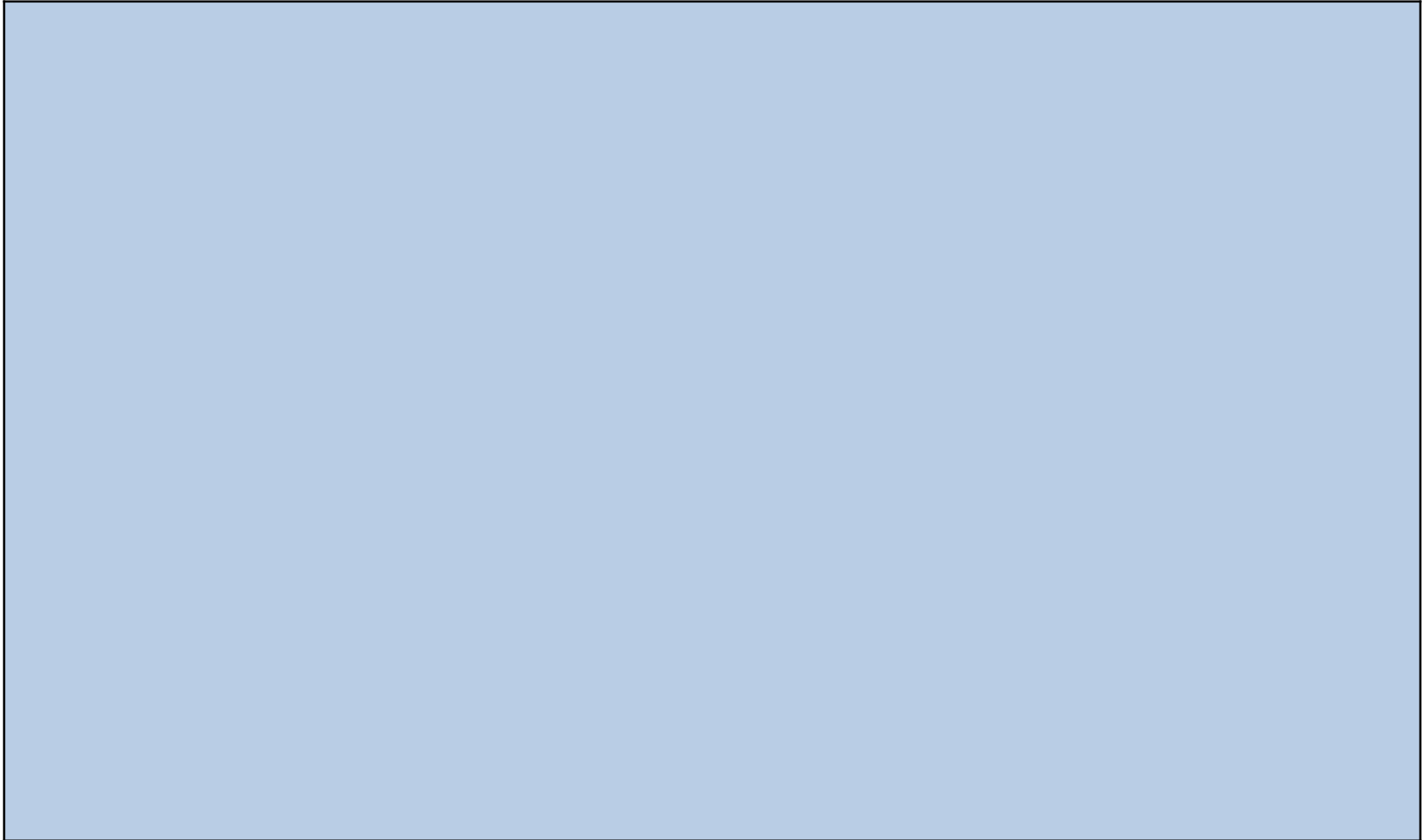
- All municipalities pay the GIC a fee for us to administer their program
- We are authorized by statute to charge up to 1.0 %
- Current fee is 0.35%
- In Fiscal Year 20, we are asking you to maintain the fee at 0.35%

Footnotes:

0.35% is estimated to be approximately \$2,500,000

In Governor's Budget (HB1), we are currently authorized to spend up to \$2,196,745 of administrative fees in FY20

VII. In Closing Other Business



VII. In Closing *Out & About*



VII. In Closing

Wrap Up & Discussion

APPENDIX

- Commission Members
- GIC Leadership Team
- GIC Goals

Members

Valerie Sullivan (Public Member), Chair

Gary Anderson, Commissioner of Insurance

Theron R. Bradley (Public Member)

Adam Chapdelaine (Massachusetts Municipal Association)

Edward Tobey Choate (Public Member)

Christine Clinard (Public Member)

Tamara P. Davis (Public Member)

Kevin Drake (Council 93, AFSCME, AFL-CIO)

Jane Edmonds (Retiree Member)

Joseph Gentile (Public Safety Member)

Michael Heffernan, Secretary of Administration and Finance

Bobbi Kaplan (NAGE)

Eileen P. McAnneny (Public Member)

Anna Sinaiko (Health Economist)

Timothy D. Sullivan (Massachusetts Teachers Association)

VACANT (Local 5000, SEIU, NAGE)

VACANT (Massachusetts Municipal Association)

GIC Leadership Team

Roberta Herman, M.D., Executive Director

Ashley Maagero Lee, Chief of Staff

Andrew Stern, General Counsel

James Rust, Chief Fiscal Officer

Karin Eddy, Director of Administrative Services

John Harney, Chief Information Officer

Paul Murphy, Director of Operations

Linnea Walsh, Director of Marketing and Communications

Mike Berry, Director of Legislative Affairs

GIC Goals

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