



MTA All Presidents Meeting GIC Plan Overview

January 8, 2011

John Brouder

Partner

Boston Benefit Partners, LLC

Version 5.0
1.8.11

GIC Governance Overview and Structure

- GIC covers 350,000 active employees, retirees and dependents (total members)
- Governed by 15 Commissioners
 - AFSCME, NAGE, SEIU, MTA represented + 1 retiree
 - Balance of Commissioners are non-union
 - MMA has one Commissioner
 - Executive Director is Dolores Mitchell
- GIC staff manage all benefit programs
 - RFP, Cost/Quality data, enrollment, communications
- State Employees/Retirees are offered additional benefits (dental, life/AD&D, LTD, FSA)
- Municipal Employees/Retirees are only offered medical

General Benchmarking Data

	Large Employers	Comment
HMO/PPO	93% HMO 55% PPO	Majority of large employers offer both a PPO and HMO
Contributions for Individual Plans	80%/20%	On average, the individual premium split is 80%/20%
Contributions for Family Plan	74%/26%	Most large employers pay less for family plans
Deductibles	77%	Majority of large employer plans have up-front deductibles

Note: Benchmarking data from Kaiser Annual Employer Health Benefits Survey

MTA All Presidents Meeting

GIC Overview

GIC Challenges (...Also Facing All Employers)

- State budget outlook continues to be bleak
 - \$3 billion structural state budget deficit projected for 2011
- Health care costs continue to skyrocket
 - Rising hospital, physician, and other provider costs
 - 10 Massachusetts hospitals get 10-100% higher payments than the other 55 hospitals within the state
 - Increases in utilization of services
- No national solution

Note: Information provided from 2010-2011 GIC Benefit Decision Guide, and the January 29, 2010 Attorney General's preliminary report "Investigation of Health Care Cost Drivers."

GIC Strategy

- Control health insurance increases
 - Clinical Performance Initiative (CPI) (2004)
 - Tier physicians and hospitals according to nationally recognized measures of quality and/or cost-efficiency
- Control utilization by increasing copays by \$5 and implementing calendar year deductibles (FY2010)
- Add 2 new HMO plans that use a narrower network
 - HPHC Primary Choice
 - Tufts Health Plan Spirit

MTA All Presidents Meeting

GIC Plan Provisions

GIC Health Insurance Plan Provisions

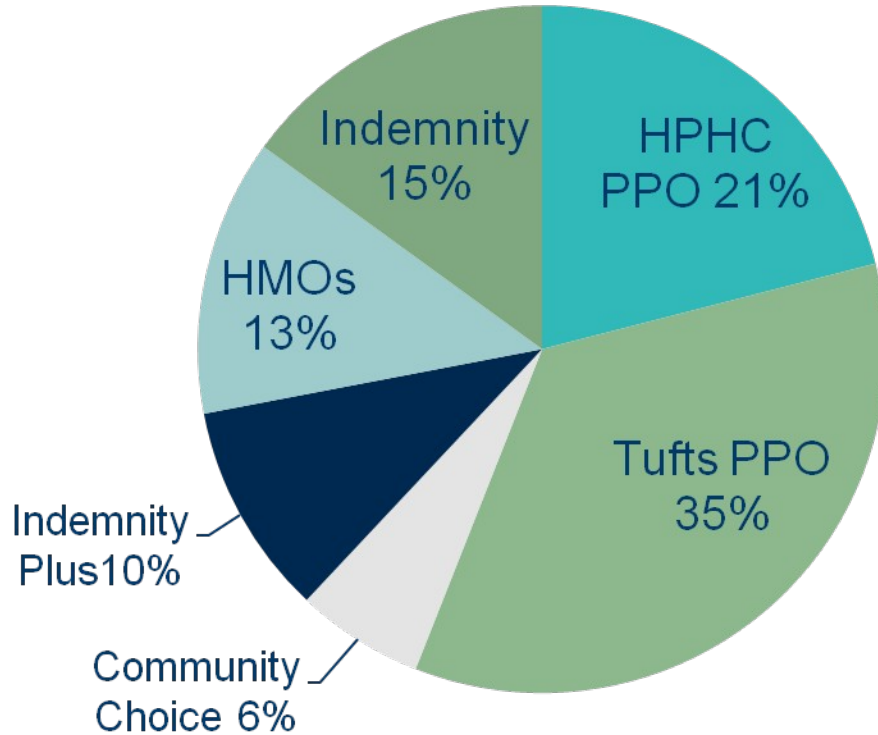
- GIC offers multiple plan options for active employees, and retired non-Medicare participants
- Active employee and non-Medicare retiree plans include “tiered” copays for doctors and hospitals
- Non-Medicare plans include “up-front” calendar year deductibles and hospital copays
- Medicare-eligible retirees also have multiple plan options
 - Fallon, HPHC, HNE, Tufts and UniCare
- Health Reimbursement Accounts (HRAs) will not be allowed 7.1.11

GIC Health Insurance Plans

Active Employees and Non-Medicare Eligible Retirees

PPO OPTIONS	LIMITED HMO OPTIONS (Smaller Network)	REGIONAL HMO OPTIONS	INDEMNITY PLANS
	Fallon Direct	Fallon Select	
HPHC Independence	HPHC Primary Choice		
Tufts Navigator	Tufts Health Plan Spirit	Health New England	
		Neighborhood Health Plan	
UniCare Plan/PLUS			UniCare Plan/Basic with CIC
UniCare Community Choice			UniCare Plan/Basic without CIC

GIC Health Insurance Plans 2009 Enrollment



To date, 80% of municipal employees and retirees have enrolled in a GIC PPO option

GIC Rates and Plan Design

GIC Rate Illustration for Members

	GIC July 1, 2010 Total Rate	<i>Typical 80% Employer Share</i>	<i>Typical 20% Employee/Retiree Share</i>
Plan	TUFTS Navigator PPO		
Single	\$581	\$465	\$116
Family	\$1,413	\$1,130	\$283
Plan	HPHC Independence PPO		
Single	\$605	\$484	\$121
Family	\$1,478	\$1,182	\$296
Plan	UniCare w/ CIC Indemnity		
Single Retiree	\$807	\$646	\$161
Plan	Medicare Supplement UniCare w/ CIC Indemnity		
Single Retiree	\$363	\$290	\$73

GIC Sample Plan Design - HPHC

Plan Feature	HPHC Independence PPO	
	<i>In-Network</i>	<i>Out-of-Network</i>
PCP Office Visit Copay	\$20	20% after deductible
Specialist Office Visit Copay	\$25 Tier 1 \$35 Tier 2 \$45 Tier 3	20% after deductible
Calendar Year Deductible	\$250/\$750	\$400/\$800
Emergency Room Copay	\$100	\$100
Inpatient Hospital Care Copay	Tier 1 \$250 per admission Tier 2 \$500 per admission Tier 3 \$750 per admission Maximum of 4 copays per calendar year	20% after deductible
Outpatient Surgery Copay	\$150 per occurrence Maximum of 4 copays per calendar year	20% after deductible
Prescription Drug Copay		
<i>Retail</i> <i>Mail Order (90 day)</i>	\$10/\$25/\$50 \$20/\$50/\$110	

GIC – Sample HPHC Independence Plan Hospital Tiers

Sample of Network	Tier 1 \$250 Copay 4 Copays/Year	Tier 2 \$500 Copay 4 Copays/Year	Tier 3 \$750 Copay 4 Copays/Year
Beth Israel Deaconess		X	
Brigham & Women's			X
Cape Cod			X
Dana-Farber		X	
Children's		X	
Mount Auburn	X		
UMASS Memorial		X	
Mass General			X
Baystate Medical		X	
South Shore			X
Newton-Wellesley		X	
Lowell General		X	

GIC Sample Plan Design – Tufts Health Plan

Plan Feature	TUFTS Navigator PPO	
	<i>In-Network</i>	<i>Out-of-Network</i>
PCP Office Visit Copay	\$20	20% after deductible
Specialist Office Visit Copay	\$25 Tier 1 \$35 Tier 2 \$45 Tier 3	20% after deductible
Calendar Year Deductible	\$250/\$750	\$400/\$800
Emergency Room Copay	\$100	\$100
Inpatient Hospital Care Copay	Tier 1 \$300 per admission Tier 2 \$700 per admission Maximum of 4 copays per calendar year per person	20% after deductible
Outpatient Surgery Copay	\$150 per occurrence Maximum of 4 per calendar year per person	20% after deductible
Prescription Drug Copay		
<i>Retail</i> <i>Mail Order (90 day)</i>		\$10/\$25/\$50 \$20/\$50/\$110

GIC – Sample TUFTS Navigator Plan Hospital Tiers

Sample of Network	Tier 1 \$300 4 Copays/Year	Tier 2 \$700 4 Copays/Year
Beth Israel Deaconess		X
Brigham & Women's		X
Cape Cod	X Obstetrics	X Pediatric/Adult Medical Surgical
Dana-Farber		X
Children's		X
Mount Auburn	X Obstetrics/Adult Medical Surgical	X Pediatric
UMASS Memorial		X
Mass General		X
Baystate Medical	X	
South Shore	X Pediatric/Adult Medical Surgical	X Obstetrics
Newton-Wellesley	X	
Lowell General	X	

GIC Explanation of Calendar Year Deductibles

- The member pays a stated amount *up-front*, before certain health insurance benefits are paid by the health plan
- Individual: An individual has a \$250 deductible before some benefits begin
- Two person family: Each person must satisfy a \$250 deductible before some benefits begin
- Three or more person family: The maximum each person must satisfy is \$250 until the family as a whole reaches the \$750 maximum in deductible payments before some benefits begin
- Not all benefits are subject to the deductible

What Applies to the Deductible

Expenses	Generally Subject to Deductible	Generally <u>Not</u> Subject to Deductible
Prescription drug benefits		X
Office visits (PCP, specialist, PT, OT, chiropractic, well-baby care, speech therapy)		X
Child and adult immunizations		X
Mammograms		X
Pap smears		X
Mental health/substance abuse benefits		X
X-rays, MRI, PET, CT scans	X	
Colonoscopies		X
Emergency room visits	X	
Inpatient hospitalization	X	
Surgery	X	
Lab and blood tests	X	

An Example of How a Calendar Year Deductible Works

Services Subject to Deductible	Amount Paid by Health Plan
Surgery	\$3,062.70
X-ray	\$ 87.70
Lab	\$ 185.51
Lab	\$ 146.52
Subtotal	\$3,482.43
Individual Deductible	(\$ 250.00)
Health Plan Pays	\$3,232.43
Member Pays	\$250.00

MTA All Presidents Meeting

Summary

Summary of the GIC Option

- GIC is a large purchasing pool that controls cost through plan design, including provider networks
- GIC must live within state budget
- Employees and retirees are provided a wide selection of options
- Deductible plans are not common today at the municipal level, but are common with other large employers
- HRAs would allow municipalities to maintain a higher level of benefits for their employees

Future Considerations

- Allowing municipalities to offer HRAs to employees at the local level
- Adjust governance structure of GIC
- Contribution splits to be negotiated at the municipal level
- Impact of state budget on GIC plan structure

GIC Plan Overview

QUESTIONS & ANSWERS