

Educational Presentation

Health Care in Massachusetts Municipalities

City of Boston – PEC Meeting

February 11, 2014

Discussion Topics

- Evolution of Health Care Plans
- GIC History & Overview
- Municipalities & the GIC
 - 1970 - Retired Municipal Teachers (RMT) program
 - 2007 - Reform legislation
 - 2011 - Reform legislation
- 2014 - GIC participation & plans
 - What jurisdictions have joined the GIC?
 - What jurisdictions have left the GIC?
 - GIC “benchmark” plans
 - GIC plan enrollment
- Non-GIC Municipalities
- Conclusion/Questions

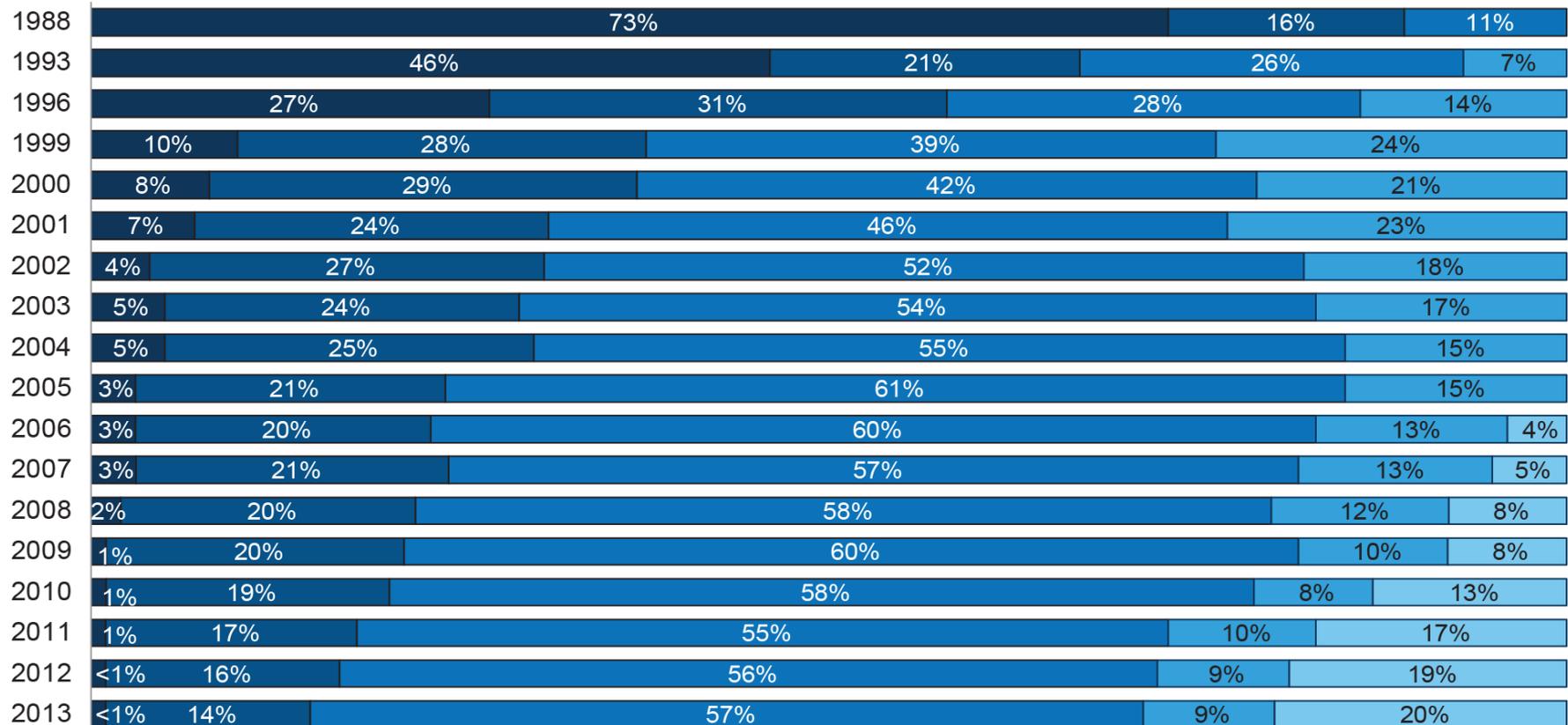
Evolution of Health Plans – *Managed Care Continuum*

1950 to 2010

- Basic/Major Medical
- Indemnity Medical
- Preferred Provider Organizations
- Point-of-Service Programs
- Health Maintenance Organizations
- High-Deductible Health Plans
- Consumer-Driven Health Plans

Health Plan Enrollment by Plan Type 1988-2013

■ Conventional ■ HMO ■ PPO ■ POS ■ HDHP/SO



NOTE: Information was not obtained for POS plans in 1988. A portion of the change in plan type enrollment for 2005 is likely attributable to incorporating more recent Census Bureau estimates of the number of state and local government workers and removing federal workers from the weights. See the Survey Design and Methods section from the 2005 Kaiser/HRET Survey of Employer-Sponsored Health Benefits for additional information.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2013; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988.

Health Plan Enrollment by Industry 2013

Industry	Conventional	HMO	PPO	POS	HDHP/SO
Agriculture/Mining/ Construction	1%	10%	54%	19%	16%
Manufacturing	<1	6*	55	13	26
Transportation/ Communications/ Utilities	1	18	62	2*	17
Wholesale	0*	10	55	10	25
Retail	<1*	12	65	7	15
Finance	<1*	12	54	6	28
Service	1	15	55	8	22
State/Local Government	<1*	17	70*	8	5*
Health Care	1	18	56	10	16
ALL FIRMS	<1%	14%	57%	9%	20%

* Estimate is statistically different within plan type from estimate for all other firms not in the indicated size, region, or industry category (p<.05).
SO – Savings Option

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

GIC History & Overview

- **GIC:** a large, efficient benefit provider
 - Covers over 232,000 subscribers and 413,000 members
- **Statutory Authority:** MGL, Ch. 32(a)
- **Mission:** Cost Effective, High Quality Insurance Programs to participants
- **Governance:** Quasi-independent agency within Executive Office of Administration & Finance
 - Monthly Public Meetings
 - 17 Board members
 - 5 Union Representatives
 - 2 Municipal Representatives
 - 1 Retiree Representative

Municipalities & the GIC

1970	Program created for Retired Municipal Teachers (RMTs) <ul style="list-style-type: none">• 70 Cities, Towns and Regional School Districts joined the GIC
2006	City of Springfield
2007	GIC becomes option for municipalities pursuant to Section 19 negotiations with a Public Employee Committee (PEC)
2010	City of Lawrence
2011	Municipal Reform Legislation establishes GIC plan designs as de facto municipal benchmarks

2011 Legislation

The “Core” features of the 2011 Legislation added three key sections to MGL, Ch. 32(b):

S.21	Replaced traditional health insurance collective bargaining with an expedited negotiation process <ul style="list-style-type: none">• Municipalities could join the GIC or,• Municipalities could modify existing plan designs
S.22	Established the GIC’s plan designs as the “benchmarks” for municipalities
S.23	Established policies & procedures for a municipality to join the GIC

2011 Legislation (cont.)

- Other Key Features of the 2011 Legislation:
 - Required Medicare-eligible retirees to join a Medicare supplemental plan
 - Required municipalities to conduct eligibility audits every 2 years
 - Allowed establishment of “limited network” plans – but required access to at least one broad network plan
 - Premium splits still negotiated under MGL Ch. 150(e)
 - Plan features more restrictive than GIC benchmarks are allowed – but must be bargained under MGL Ch. 150(e)

GIC Participation – 12 Cities

Gloucester	(effective date - 1/1/14)
Northampton	(1/1/14)
Peabody	(1/1/13)
Lowell	(7/1/12)
Salem	(7/1/12)
Medford	(1/1/12)
Somerville	(1/1/12)
Lawrence	(11/1/10)
Melrose	(7/1/09)
Pittsfield	(7/1/09)
Quincy	(7/1/09)
Springfield	(1/1/07)

GIC Participation – 30 Towns

East Bridgewater	(7/1/14)	Brookline	(7/1/10)
Framingham	(7/1/14)	Hopedale	(7/1/10)
Middleboro	(7/1/14)	Norwood	(7/1/09)
North Andover	(1/1/14)	Randolph	(7/1/09)
Dracut	(7/1/13)	Stoneham	(7/1/09)
Orange	(1/1/13)	Swampscott	(7/1/09)
Bedford	(7/1/12)	Watertown	(7/1/09)
Holden	(7/1/12)	Wenham	(7/1/09)
Lexington	(7/1/12)	Weston	(7/1/09)
Marblehead	(7/1/12)	Weymouth	(7/1/09)
Monson	(7/1/12)	Groveland	(7/1/08)
Sudbury	(7/1/12)	Holbrook	(7/1/08)
Arlington	(1/1/12)	Millis	(7/1/08)
Wakefield	(1/1/12)	Winthrop	(7/1/08)
Lynnfield	(11/1/11)	<i>Saugus (1/1/08 - 6/30/14)</i>	

GIC Participation – 7 School Districts

Northeast Metropolitan Regional Vocational School District	(7/1/12)
Blue Hills Vocational School District	(7/1/09)
Groton-Dunstable Regional School District	(7/1/09)
Athol-Royalston School District	(7/1/08)
Gill-Montague Regional School District	(7/1/08)
Hawlemont Regional School District	(7/1/08)
Mohawk Trail Regional School District	(7/1/08)

How Did Jurisdictions Join the GIC?

Mechanism for Joining The GIC	Number of Jurisdictions	Percent of Total
Mandated by Statute [fiscal distress]	2	4%
Chapter 67, Acts of 2007 Section 19 Agreement	34	69%
Chapter 69, Acts of 2011 Section 21-23 Agreement	13	27%
Total	49	100%

Have Groups Left the GIC?

- GIC requires participation for 3 years or 6 years
 - If you leave, you cannot re-enter for 3 years
- Detailed policies and procedures for exiting the GIC
- Wachusett Regional School District left, effective July 1, 2013
- Town of Saugus is leaving, effective July 1, 2014

17 GIC Plans – For FY 14

Plans for Active employees and Non-Medicare Eligible retirees (11):

- **HMO Plans (6):** Fallon Select, Fallon Direct, Harvard Primary Choice, Health New England, NHP Care, Tufts Spirit
- **PPO Plans (4):** Harvard Independence, Tufts Navigator, UniCare Community Choice, UniCare Plus
- **Indemnity Plan (1):** UniCare Indemnity Basic

Plans for Medicare Eligible retirees (6):

- **HMO Plans (4):** Fallon Senior Plan, Health New England MedPlus, Tufts Medicare Complement, Tufts Medicare Preferred
- **Indemnity Plan (2):** Harvard Medicare Enhance, UniCare Indemnity Basic

Tufts Navigator – Active Benchmark

Plan Feature	In Network Benefit	Out of Network Benefit
Calendar Year Deductible	\$250 Individual/\$750 Family	\$400 Individual/\$800 Family
PCP Office Visit	\$20 copay	20%, after deductible
Specialist Office Visit (tiered)	\$20/\$35/\$45 copay	20%, after deductible
Emergency Room Visit	\$100	\$100
Inpatient Hospital Care (tiered) [one per calendar quarter]	\$300/\$700	20%, after deductible
Outpatient Surgery [up to four per year]	\$150	20%, after deductible
High Tech Imaging [one copay per day]	\$100	20%, after deductible
Retail Drugs (30 days)	\$10/\$25/\$50	\$10/\$25/\$50
Mail Order Drugs (90 days)	\$20/\$50/\$110	\$20/\$50/\$110

UniCare OME – Medicare Benchmark

Plan Feature	Benefit
Calendar Year Deductible	\$35
PCP Office Visit	No copay after annual deductible is met
Specialist Office Visit	No copay after annual deductible is met
Emergency Room Visit	\$25
Inpatient Hospital Care [one per calendar quarter]	\$50
Outpatient Surgery [up to four per year]	No copay after annual deductible is met
Retail Drugs (30 days)	\$10/\$25/\$50
Mail Order Drugs (90 days)	\$20/\$50/\$110

FY14 Plan Enrollment- Active

GIC Active Plan Type	Municipal Enrollees [28,283]	Non-Municipal Enrollees [82,345]	All Active Enrollees [110,628]
HMO Plan	22.4%	23.5%	23.2%
PPO Plan	72.7%	67%	68.5%
Indemnity Plan	4.8%	9.6%	8.3%

FY14 Plan Enrollment – Medicare Retirees

GIC Medicare Retiree Plan Type	Municipal Medicare Enrollees [24,658]	Non-Municipal Medicare Enrollees [54,349]	All Medicare Retiree Enrollees [79,007]
HMO Plan	12.6%	12.6%	12.6%
Indemnity Plan	87.4%	87.4%	87.4%

FY14 Plan Enrollment – Non-Medicare Retirees

GIC Non-Medicare Retiree Plan Type	Municipal Enrollees [7,880]	Non-Municipal Enrollees [20,129]	All Non-Medicare Retiree Enrollees [28,009]
HMO Plan	9.0%	8.5%	8.7%
PPO Plan	61.5%	51.2%	54.1%
Indemnity Plan	29.6%	40.2%	37.2%

How does the City of Boston compare to other communities?

- Size - the City of Boston cannot be compared to most other municipalities
 - Springfield and Lawrence have joined the GIC
- Geographically – what other municipalities would be using the same providers as the City of Boston
 - Many municipalities in our area have joined the GIC or another joint purchasing group to reduce budget costs for health insurance
- Who can the City of Boston could compare itself to?
 - The GIC
 - The City of Worcester
 - Massachusetts Interlocal Insurance Association (MIIA)
 - West Suburban Health Group (WSHG)

How the City Compares to Other Groups

	City of Boston	GIC	MIIA	WSHG	City of Worcester
Total Non-Medicare Subscribers	19,595	138,277	19,000	7,660	5,315
Participating Groups	<ul style="list-style-type: none"> • City of Boston • BPHC • BWSC 	<ul style="list-style-type: none"> • State Employees • 49 Municipalities & School Districts 	<ul style="list-style-type: none"> • 122 Municipal Groups 	<ul style="list-style-type: none"> • 16 Towns & School Districts 	<ul style="list-style-type: none"> • City of Worcester
Geographically close to Boston	<ul style="list-style-type: none"> • Many Employees live in the city and nearby 	<ul style="list-style-type: none"> • State Employees • Arlington • Brookline • Medford • Melrose • Quincy • Somerville • Watertown • Weston 	<ul style="list-style-type: none"> • Andover • Reading • Woburn 	<ul style="list-style-type: none"> • Dedham • Natick • Needham • Wayland • Wellesley • Westwood 	<ul style="list-style-type: none"> • City of Worcester (Central Mass.)

Local Health Plan Comparison - Non-Medicare Plans Offered

Plan Type	City of Boston	GIC	MIIA*	WSHG	City of Worcester
Indemnity	• NA	• Unicare	• NA	• NA	• NA
PPO	• BCBS	• Tufts • HPHC • Unicare (2)	• BCBS	• HPHC	• BCBS
POS	• BCBS • HPHC	• NA	• BCBS	• BCBS	• NA
HMO	• HPHC • HPHC - BMC • NHP	• Tufts • HPHC • Fallon (2) • NHP • Health NE	• BCBS	• BCBS • HPHC • Fallon(2) • Tufts	• Fallon (2) • BCBS
Total	6 Plans	11 Plans	Varies by Town**	6 Plans	4 Plans

* Based on available information. Plan offerings vary by participating group.

** MIIA participating groups determine their own plan offerings and can select from several plan types (including PPO, POS, and HMO).

Local Health Plan Comparison - Group Insurance Commission

	City of Boston		GIC	
	HPHC HMO (Most Enrolled in Plan)		Tufts Navigator (Benchmark Plan)	
Employee Monthly Contribution	17.5% of premium		Varies by Group	
Deductible (per calendar year)	None		\$250/\$750	
Coinsurance	None		20% after deductible	
Out-of-Pocket Maximum	None		\$3,000 per individual (including behavioral health, which is carved out)	
Preventive Care Visits & Health Screenings	\$0 per visit		\$0 per visit	
Primary Care Provider Office Visits	\$15 per visit		\$20 per visit	
Behavioral Health Office Visit	\$15 per visit		\$20 per visit	
Specialist Physician Office Visit	\$25 per visit		\$20/\$35/\$45 per visit	
Physical Therapy	\$15 per visit for up to 60 consecutive days		\$20 per visit for up to 30 visits per calendar year	
Inpatient: General Hospital	Covered in full		\$300/\$700 (one per quarter)	
Inpatient: Behavioral Health Facility	Covered in full		\$200 (per calendar quarter)	
Outpatient Surgery in Facility (not performed in an office setting)	Covered in full		\$150 (up to four per year)	
High-Tech Imaging (e.g., MRI, PET, CT scans)	Covered in full		\$100 (one per day)	
Emergency Room (waived if admitted)	\$100 per visit		\$100 per visit	
Prescription Drugs	Retail	Mail	Retail	Mail
	Tier 1: \$10	Tier 1: \$20	Tier 1: \$10	Tier 1: \$20
	Tier 2: \$25	Tier 2: \$50	Tier 2: \$25	Tier 2: \$50
	Tier 3: \$45	Tier 3: \$100	Tier 3: \$50	Tier 3: \$110

Local Health Plan Comparison - Massachusetts Interlocal Insurance Association (MIIA)

	City of Boston	MIIA - (Plans with most enrollment)	
	HPHC HMO	Network Blue NE HMO w/Deductible	Network Blue Options HMO w/Tiered Network
Employee Monthly Contribution	17.5% of premium	Varies by Town	
Deductible (per calendar year)	None	\$250 per member; \$750 per family	None
Coinsurance	None	None	None
Out-of-Pocket Maximum	None	\$1,200 per member for inpatient copays \$600 per member for day surgery copayments	\$2,000 per member; \$4,000 per family Only copayments for inpatient hospital, ambulatory surgery, and ER are applied to OOP max
Preventive Care Visits & Health Screenings	\$0 per visit	\$0 per visit, no deductible	\$0 per visit
Primary Care Provider Office Visits	\$15 per visit	\$20 per visit, no deductible	Tier 1: \$15 per visit Tier 2: \$25 per visit Tier 3: \$45 per visit
Behavioral Health Office Visit	\$15 per visit	\$15 per visit, no deductible	\$15 per visit
Specialist Physician Office Visit	\$25 per visit	\$35 per visit, no deductible	\$45 per visit
Physical Therapy	\$15 per visit for up to 60 consecutive days	\$20 per visit for up to 30 visits per year, no deductible	\$45 per visit for up to 60 visits per year
Inpatient: General Hospital	Covered in full	Tier 1: \$300 per admission, after deductible Tier 2: \$700 per admission, after deductible	Tier 1: \$250 per admission Tier 2: \$500 per admission (\$300 at select hospitals) Tier 3: \$1,000 per admission
Inpatient: Behavioral Health Facility	Covered in full	\$200 per admission after deductible	\$250 per admission
Outpatient Surgery in Facility (not performed in an office setting)	Covered in full	\$150 per visit after deductible	Surgical day care unit: Tier 1: \$150; Tier 2: \$250; Tier 3: \$500 Ambulatory surgical center: \$150
High-Tech Imaging (e.g., MRI, PET, CT scans)	Covered in full	\$100 per category per service date after deductible	Per category per service date: General hospital: Tier 1: \$75; Tier 2: \$150; Tier 3: \$250 Other provider: \$75
Emergency Room (waived if admitted)	\$100 per visit	\$100 per visit after deductible	\$150 per visit
Prescription Drugs	Retail Mail	Retail Mail	Retail Mail
	Tier 1: \$10 Tier 1: \$20	Tier 1: \$10 Tier 1: \$20	Tier 1: \$15 Tier 1: \$30
	Tier 2: \$25 Tier 2: \$50	Tier 2: \$25 Tier 2: \$50	Tier 2: \$30 Tier 2: \$60
	Tier 3: \$45 Tier 3: \$100	Tier 3: \$50 Tier 3: \$110	Tier 3: \$50 Tier 3: \$150

Local Health Plan Comparison - West Suburban Health Group (WSHG)

	City of Boston		West Suburban Health Group	
	HPHC HMO (Most Enrolled in Plan)		HPHC Rate Saver HMO (Most Enrolled in Plan)	
Employee Monthly Contribution	17.5% of premium		Varies by Town	
Deductible (per calendar year)	None		None	
Coinsurance	None		None	
Out-of-Pocket Maximum	None		\$2,000 per member \$4,000 per family Rx copayments are <u>not</u> applied to OOP max	
Preventive Care Visits & Health Screenings	\$0 per visit		\$0 per visit	
Primary Care Provider Office Visits	\$15 per visit		\$20 per visit	
Behavioral Health Office Visit	\$15 per visit		\$20 per visit	
Specialist Physician Office Visit	\$25 per visit		\$35 per visit	
Physical Therapy	\$15 per visit for up to 60 consecutive days		\$20 per visit for up to 90 consecutive days	
Inpatient: General Hospital	Covered in full		\$250 per admission	
Inpatient: Behavioral Health Facility	Covered in full		\$250 per admission	
Outpatient Surgery in Facility (not performed in an office setting)	Covered in full		\$125 per visit	
High-Tech Imaging (e.g., MRI, PET, CT scans)	Covered in full		Covered in full	
Emergency Room (waived if admitted)	\$100 per visit		\$75 per visit	
Prescription Drugs	Retail	Mail	Retail	Mail
	Tier 1: \$10	Tier 1: \$20	Tier 1: \$10	Tier 1: \$20
	Tier 2: \$25	Tier 2: \$50	Tier 2: \$25	Tier 2: \$50
	Tier 3: \$45	Tier 3: \$100	Tier 3: \$45	Tier 3: \$90

Local Health Plan Comparison - City of Worcester

	City of Boston		City of Worcester	
	HPHC HMO (Most Enrolled in Plan)		City of Worcester Advantage Plan (Fallon) (Most Enrolled in Plan)	
Employee Monthly Contribution	17.5% of premium		25%	
Deductible (per calendar year)	None		\$250/\$750	
Coinsurance	None		None	
Out-of-Pocket Maximum	None		\$2,000/\$4,000 (includes your deductible, coinsurance and copays except for chiropractic and behavioral health services.	
Preventive Care Visits & Health Screenings	\$0 per visit		\$0 per visit	
Primary Care Provider Office Visits	\$15 per visit		Tier 1 - \$15 Tier 2 - \$20	
Behavioral Health Office Visit	\$15 per visit		\$15 per visit	
Specialist Physician Office Visit	\$25 per visit		Tier 1 - \$25 Tier 2 - \$30	
Physical Therapy	\$15 per visit for up to 60 consecutive days		\$20 per visit for up to 60 visits per calendar year	
Inpatient: General Hospital	Covered in full		Tier 1 - \$250 Tier 2 - \$500	
Inpatient: Behavioral Health Facility	Covered in full		Covered in full	
Outpatient Surgery in Facility (not performed in an office setting)	Covered in full		Tier 1 - \$150 Tier 2 - \$300	
High-Tech Imaging (e.g., MRI, PET, CT scans)	Covered in full		\$50 - non-hospital \$100 - hospital	
Emergency Room (waived if admitted)	\$100 per visit		\$75 per visit	
Prescription Drugs	Retail	Mail	Retail	Mail
	Tier 1: \$10	Tier 1: \$20	Tier 1: \$10	Tier 1: \$20
	Tier 2: \$25	Tier 2: \$50	Tier 2: \$25	Tier 2: \$50
	Tier 3: \$45	Tier 3: \$100	Tier 3: \$45	Tier 3: \$135

Conclusion/Questions