



# **Commonwealth of Massachusetts Group Insurance Commission**

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## **VENDOR QUALITY IMPROVEMENT**

**A Report to the Legislature**

**For Fiscal Year 2019**

**September 27, 2019**

## INTRODUCTION

This report is submitted pursuant to Massachusetts General Laws ch. 32A, § 21, which states:

*The [group insurance] commission is hereby authorized and directed to establish and implement a vendor quality improvement program for purposes including, but not limited to: the evaluation and improvement of all health care services as applied to those contracts and the promotion of customer-oriented quality management techniques. Such program shall include long- and short-term objectives, quantifiable improvement goals, benchmarks for evaluating vendors and mechanisms to promote collaboration between the commission and health care vendors to improve health care services. The commission shall file an annual report with the clerks of the Senate and House of Representatives and with the governor not later than September 30 concerning such vendor quality improvement program.*

This report reflects a variety of quality improvement activities undertaken in Fiscal Year (FY) 2019 that comprise the oversight and action necessary for the Group Insurance Commission to fulfill its mandate.

## GIC STRATEGIC OBJECTIVES

Since its formation in 1955, the Group Insurance Commission (GIC) has provided the Commonwealth's employees and retirees and their dependents with the highest quality benefits at the most reasonable cost. With over 460,000 people currently covered under its plans, the GIC has remained focused on that mission, seeking qualitative and quantitative value in each and every vendor relationship.

The GIC's long-term objectives are to serve those who serve by:

- Providing access to high-quality, affordable benefit options to employees, retirees and dependents;
- Managing the financial liability to the Commonwealth's taxpayers by keeping benefit costs to sustainable growth rates;
- Using the GIC's leverage to innovate and favorably influence the Massachusetts health care market; and
- Evolving GIC's existing business and operational environment to meet business demands, member expectations, and security standards.

To meet these objectives and ensure that vendors are aligned with GIC goals, the GIC takes a comprehensive approach to quality improvement through:

- Competitive procurements;
- Regular reviews of vendor performance using comprehensive performance standards and audits;
- Collaboration with vendors to create quality improvement plans; and
- Supporting vendor-led initiatives in key strategic areas.

GIC moved toward its long-term objectives by undertaking three initiatives in FY2019:

- *Self-insurance Model*
- *Behavioral Health Reintegration*
- *Pharmacy Benefit Carve-Out*

#### *Self-insurance Model*

The GIC migrated all of the plans it offers (except the Medicare Advantage plans) to a self-insured platform for FY2019. With this approach, the GIC is now paying each of the six health plan carriers an administrative fee plus the cost of member claims as they are incurred each month. This ensures that members and taxpayers are paying for health care with the lowest possible margin for health plan administration.

#### *Behavioral Health Reintegration*

Medicine is evolving toward a more integrated approach to health. At the same time, evidence mounts that behavioral health co-morbidities are associated with the chronic conditions endemic to the GIC population: metabolic syndrome, diabetes, and cancer. Plus, consideration of the effects of the opioid crisis made it clear that the GIC needed to create an environment that would facilitate an integrated approach to care. For all these reasons, the GIC integrated behavioral health coverage back into the medical plans in FY2019.

#### *Pharmacy Benefit Carve-Out*

Pharmacy benefit managers (PBMs) and the cost of prescription drugs continue to receive extensive news coverage. The recent Health Policy Commission *DataPoints* issue on PBMs and their resulting testimony to the legislature are just two examples of the level of scrutiny PBMs and prescription drugs are receiving. Best market practice points to the advantages associated with transferring administration of these benefits to a PBM, and last year, the GIC did just that. Express Scripts now administers the prescription drug benefits for non-Medicare eligible members, while CVS SilverScript administers them for the Medicare-eligible population.

The GIC negotiated what is called a “pass-through” contract model with PBMs—this means that the PBM passes through the exact same discounts and dispensing fees charged by the pharmacy to the GIC. (Since no spread is collected on generic drugs, the PBMs earn income by charging administrative fees and for the spread on specialty drugs.)

This approach is yielding cost avoidance in the area of \$500 to \$750 million over the three-year life of the GIC’s PBM contract, all of which is accruing to the benefit of members and of taxpayers. This change was also instrumental in achieving a zero aggregate premium increase for many members in FY2019.

## PROCUREMENTS

To fulfill its mission of providing members with high-value care at the most reasonable cost, the GIC regularly engages in procurements and rate renewals, providing a systematic opportunity to routinely evaluate and improve plans and services. All GIC procurement initiatives are subject to all Massachusetts public bidding laws and regulations and are designed to ensure the fair selection of high quality services at competitive prices. Section four of Chapter 32A of the Mass General Laws further requires that all contracts for GIC benefits are for no more than five years.

Additionally, as part of this process, the GIC:

- Sets the plans' rates;
- implements new plan designs and programs; and
- Reviews and revises its contractual performance guarantees.

The GIC pays particular attention to best practices, policy developments, legislative or regulatory mandates, and, of course, the needs and concerns of the diverse GIC membership.

### *Benefit Strategies Flexible Spending Accounts*

In FY2019, the GIC conducted one procurement, for the administration of its flexible spending account plans (FSAs). There are two FSA options available to GIC members, a Health Care Spending Account, and a Dependent Care Assistance Program. The vendor selected was Benefit Strategies, LLC, who also serves as the vendor for Commonwealth employees participating in the tax-advantaged parking and commuter benefits.

As a result of this procurement, the GIC implemented its first fully online enrollment feature, which went live for the FY2020 open enrollment period. Initial feedback from this change was positive and should lead to further operational efficiencies over time. It also provides an opportunity to begin acclimating the GIC's membership community to electronic enrollment functions, which is one of the long-term objectives of the Commission.

## GIC QUALITY IMPROVEMENT INITIATIVES

### **Audit Findings**

In FY2019, the GIC, through its vendor IBM Watson Health, conducted an audit of 100 percent of claims of all Unicare plans, Beacon Health Options, Health New England, and Fallon Community Health Plan. The audits covered FY2018. Each year, we alternate the plans we audit, so that over a period of two years, all plans are audited.

The purpose of the audits was to:

- Determine adherence to benefit designs and contracts, and
- Assess administration and operational support of the GIC’s health plans.

The method tests all claims, such as for eligibility, plan design features, compliance with GIC policies and procedures, and industry practices. This approach facilitates identifying hard-to-discover, systemic processing errors and potential overpayment recoveries. It also provides GIC with a more comprehensive view of vendor performance and a greater ability to recover funds and create broad improvements in quality.

The GIC is pleased to report that for FY2018, while areas exist where each vendor can improve performance in claims processing and operations, the audit showed that the GIC vendors are well within industry standards for claims processing and doing a good job paying claims accurately. The overall results for this audit cycle were consistent with the results from FY2017, which were also positive.

**Measuring Vendor Quality, Performance Guarantees**

The GIC holds its health care, prescription drug and behavioral health vendors to a set of performance guarantees, and a new set of guarantees came into effect as of the new vendor contracts effective July 1, 2018. The performance guarantees measure plans’ contract compliance, operational excellence, clinical performance as well as overall cost control.

With a new set of metrics and guarantees in place for FY2019, the GIC is just now beginning to measure performance. Exclusive of the implementation penalty described in the box to the right, the maximum annual total performance penalty exceeds \$3,000,000. While it is preferable that no vendor gets into the position where it must pay a penalty, the guarantees do protect the Commonwealth, GIC

**UniCare and the Beacon Health Integration Challenges**  
 With the integration of behavioral health services into its medical plan, UniCare took on claims processing for its behavioral health partner, Beacon Health Options as of July 1, 2018.

The GIC and several legislators began hearing of issues associated with UniCare behavioral health claims in late 2018, with reports increasing by January 2019. It soon came to light that Beacon and UniCare had not adequately automated their data exchanges and had underestimated the effort involved in integration.

Both providers and GIC members were unaware of these issues even though they were the most affected parties. To address the situation, GIC executive management required daily claim processing backlog reports as well as robust and repeated multi-channel outreach to the provider community. At their own expense, UniCare substantially increased their staff to focus exclusively on case management resolution.

While the backlog of claims has since fallen dramatically, the GIC continues to monitor Beacon and UniCare as they finalize their efforts to fully integrate their processes.

As a result of their joint failure to manage a successful implementation, the GIC recently applied the full implementation penalty on UniCare. As a result of their joint failure to manage a successful implementation, UniCare will pay a substantial implementation penalty, to be received by GIC as a credit on administrative services.

members and taxpayers in the event of a true performance failure, such as what occurred with Unicare and Beacon this past year.

The GIC reviews its performance guarantees annually to evaluate their efficacy and to consider new ones as appropriate. For FY20, the GIC will be adopting new penalties relating to key clinical measures, such as preventive care.

## **VENDORS IMPROVING QUALITY, CUSTOMER SERVICE, AND ADMINISTRATION**

### **PHARMACY BENEFIT MANAGERS (PBMs)**

#### **Express Scripts**

As of FY2019, the GIC “carved out” prescription and pharmacy benefits from its medical insurance plan, in an effort to control costs and provide equal access and benefits to all participants. This transition was both very smooth and resulted in minimal disruption for 300,000+ affected members.

For its first plan year, Express Scripts, the PBM for active employees, and the GIC instituted a comprehensive opioid management program, focused on preventing addiction. This includes:

- New patient supply limitations;
- Prior authorization requirements for long-acting opioids; and
- Prescriber/pharmacist education efforts.

Express Scripts also expanded its network to include independent retailers in Nantucket, to allow for ease of access for local GIC participants.

Since specialty pharmacy claims are the largest single contributor to the increase in pharmaceutical expenses in the last several years, Express Scripts has made the following improvements to its proprietary specialty pharmacy, Accredo:

- Launched a mobile health tracker linked to the Express Scripts mobile app to help patients adhere to their treatment plans and provide support;
- Expanded patient outreach/communications via text messaging;
- Implemented specialty predictive modeling to focus on optimizing therapeutic outcomes, and reduce waste, by having Accredo nurses coordinate directly with at-risk patients in treatment for serious illnesses; and
- Added an online chat feature to its prescriber portal to better manage and speed up communications between Accredo, patients and their prescribing physicians.

## **CVS Silverscript**

For FY2019, the GIC's PBM for its Medicare supplemental plans, CVS Silverscript, created and implemented a custom formulary coding, which means GIC participants receive MAT (medication-assisted treatment for addiction) medications for a \$0 copay. Silverscript also:

- Conducted additional training for GIC customer care staff;
- Completed the smooth transfer of approximately 5,000 Tufts Medicare plan members
- Simplified its prior authorizations process by increasing electronic utilization and integration of electronic health records; and
- Provided real-time access to doctors, pharmacists, and members to evaluate lower cost and generic options for new or existing treatment plans.

## **HEALTH INSURANCE VENDORS**

The GIC provides and administers health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors. The GIC also provides coverage to participating municipalities, housing and redevelopment authorities' personnel as well as to retired municipal employees and teachers in certain governmental units.

## **UniCare**

In FY2019, UniCare:

- Implemented its primary nurse care program, which assigns a primary nurse for members involved in complex case management to act as the first point of contact in coordinating care, answering questions, and providing other support services;
- Enhanced its Unicare health guide, a combination of technology and analytics used to optimize member experience for those using web or phone-based customer service resources;
- Introduced a new mobile health application to provide a platform that addresses all aspects of a member's health – physical, emotional, and financial; and
- Launched a new digital welcome package for new members (DigiMag), which acts like a web-based interface enabling a simple swipe or click "page turning" format.
- Unicare introduced Firefly, an innovative, virtual first approach to primary care available to members in the Wellesley area.

## **Tufts Health Plan**

With the insourcing of behavioral health care into the individual medical plans, Tufts Health Plan introduced its integrated Behavioral Health approach for GIC members. This consists of dedicated resources to focus on early intervention and alternatives to inpatient care, as well as a dedicated behavioral health phone queue. Licensed clinicians develop individualized treatment plans, coaching strategies, and one-on-one outreach for high risk members.

Tufts Health Plan also:

- Entered into a Centers of Excellence arrangement with Boston Medical Center's Grayken Center for addiction treatment;

- Designated New England Baptist Hospital as a Center of Excellence for hip and knee replacement surgeries, in recognition of the hospital’s outstanding reputation and evidence-based results in those procedures. As an incentive for GIC members, those who meet the clinical criteria and elect to have their knee or hip replacements performed at New England Baptist pay no inpatient copayment;
- Instituted an optional text messaging service, called MyWire, for all its participants, which can offer reminders for preventive services, links to its mobile application, and promotional discounts; and
- In partnership with Shatterproof, a national non-profit focused on addiction treatment and its impact on the family, Tufts Health Plan implemented the eight “National Principles of Care” for addiction treatment, derived from the Surgeon General’s Report on Alcohol, Drugs and Health, and backed by decades of research.

### **Allways Health Partners**

Allways increased reporting and analytics in a variety of categories, including key demographics and risk profiles, maternity and chemotherapy claims, emergency room utilization, back and neck claims, and high cost utilization. Allways also provided a deep dive analysis of heart disease trends as part of its quarterly reporting process.

Broader initiatives included:

- Collaboration with Brigham & Women’s Hospital’s remote cardiovascular health program, iHeart Champion, designed to improve compliance with medications and reduce hypertension;
- Transform Diabetes Care Program, which includes dedicated glucose monitoring and free counseling at CVS MinuteClinic locations;
- HealthCrowd, a text messaging platform that offers targeted reminders for necessary services, PCP contact information, and access to health coaching;
- A partnership with PatientPing, a health technology company that tracks real-time claim events when patients receive care, including hospital admissions and emergency room visits. This allows for greater outreach and intervention for complex case management, redirection for high-frequency emergency room users, and creation of comprehensive discharge plans; and
- Clinical navigators, who are certified case managers available to provide one-on-one support for nurse care management and facilitation of transition of care.

### **Harvard Pilgrim Health Care**

In FY2019, Harvard Pilgrim Health Care implemented an:

- Emergency room initiative, focused on member education for participants with avoidable emergency room visits and those with three or more emergency room visits in a six-month period. Member education included targeted postcard mailings, and ongoing communications with key physician groups, and
- Enhanced digital platform, including a “Digital ID Card” and a Smart Start onboarding program, intended to guide new participants through the process of creating online registrations and familiarizing them with the online tools available before their membership becomes active.



## **Fallon Community Health Plan**

Fallon instituted:

- A new predictive modeling algorithm to stratify members with high risk of large costs, utilization, and future risks for the purpose of care management;
- Weekly clinical integration rounds of interdisciplinary specialists to review complex care management problems; and
- Expanded portal access to vendor claims, allowing insight into where a member's claim may be in the adjudication process.

## **Health New England**

Health New England made several operational adjustments to better serve the GIC during FY2019. These included enhancements to GIC reporting, including out-of-area and reconciliation reports, increased training on member services support, and improved file processing.

### **ANCILLARY INSURANCE VENDORS**

#### **Dental and Vision**

The GIC is authorized to provide dental and vision benefits to a specific subgroup of active employees eligible for GIC benefits. This group consists primarily of managers, legislators and their staff, and certain executive office employees who are not covered by collective bargaining. The GIC also provides a separate retiree dental benefit to all Commonwealth retirees as well as certain municipal retirees whose municipality elects to join the plan. Employees of authorities, municipalities, higher education, and the judicial trial court system are not eligible for GIC vision or dental coverage.

#### **MetLife**

MetLife continues to grow its network of contracted dental providers with a 10% increase nationally in its PPO network. For the active member dental programs, MetLife continued its ongoing wellness outreach initiative with targeted mailings promoting the effectiveness of sealants in the prevention of childhood tooth decay.

For the retiree program, MetLife conducted a review of dental opioid prescriptions, using data provided by CVS SilverScript, the GIC's Pharmacy Benefit Manager, and compared those claims against the American Dental Association recommendations. Dentists identified as outliers were contacted and will receive ongoing education regarding recommended best practices for pain control in dentistry.

#### **Davis Vision**

During Fiscal Year 2019, Davis Vision upgraded its member website, with enhancements to accessibility and ease of navigation. It also added an online billing feature, which provides real-time billing and claim data, export capability, and payment options, as well as offering a paperless alternative.

#### **Flexible Spending Account**

Active state employees who are GIC benefits eligible can save money by paying for qualifying health care expenses on a pre-tax basis. Enrollment in one of the GIC's benefit plans is not required.

### **Benefit Strategies**

In FY2019, Benefit Strategies implemented the first fully online enrollment feature in the GIC's history to take effect for the FY2020 Open Enrollment period. Benefit Strategies also initiated a phone contact campaign for all GIC members who were on a leave of absence at the start of the new fiscal year, to ensure that participants had the opportunity to enroll in an FSA.

### **Life Insurance**

The GIC is responsible for negotiating, contracting for and administering group term life insurance benefits for active and retired state employees and certain retired municipal teachers. GIC offers a \$5,000 basic life insurance benefit for approximately 161,000 state employees and retirees with 75-90% of the premium contributed by the Commonwealth. This basic life insurance is coupled with basic accidental death and dismemberment insurance.

All Commonwealth employees who have basic life insurance coverage may elect optional life insurance coverage with a matching amount of accidental death and dismemberment insurance. Retirees may continue or decrease their coverage but may not increase their optional life above the coverage they had at retirement. Employees and retirees pay 100% of the premium for this coverage. Approximately 59,941 employees and retirees are currently enrolled in the optional life insurance plan.

Retired Municipal Teachers (RMT) life insurance and RMT Life/AD&D coverage varies from \$1,000-\$15,000, depending on the governmental unit from which the teacher retired. The retiree pays a small portion of the premium. Retired municipal teachers are not eligible for optional life insurance coverage through the GIC.

### **The Hartford**

The Hartford, the GIC's life insurance carrier, increased its auxiliary support for beneficiaries when a covered member passes away, including condolence cards, follow-up phone calls to offer additional assistance, and a "Healing Book" for dependent children age 6 to 13. The Hartford also continues to increase automation in its regular transactions with the GIC, and now offers additional assistance in searching for outstanding death certificates and with locating beneficiaries.

### **Long-Term Disability (LTD)**

The GIC is responsible for negotiating, contracting, and administering a group LTD program for the active employees of the Commonwealth (employees of the municipal entities covered by the Commission are not eligible for this benefit). Approximately 40,494 employees are currently enrolled in the Commonwealth's LTD program, which is administered by Unum.

### **Unum**

For FY2019, Unum continued to improve its claim filing procedures by limiting the visible options online only to those applicable to GIC participants, and by adding online claim initiation with continued

phone support from a Unum claim specialist for additional assistance. Unum also redesigned claim correspondence in order to make letters and notifications easier to understand.

## **CONCLUSION**

In FY2019, the GIC undertook efforts to evolve its mission, with the twin goals of enhancing service to members and delivering value for taxpayers. The business process improvements to be undertaken in FY2020 position the GIC to accelerate progress toward those goals through increased operational efficiency and more modern digital interaction with its members.

At the same time, the restructuring of pharmacy benefits and renegotiated pharmacy contracts will help restrain the effect of rocketing drug costs on members and the Commonwealth. With the recent announcement of the proposed Tufts/Harvard Pilgrim merger and ongoing consolidation in the health care and insurance markets, the GIC will continue to seek ways to deploy its market leverage to the benefit of those it serves.