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Controlling the Cost of Municipal Health Insurance: Lessons from Springfield

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Foreword

The Edward J. Collins, Jr. Center for Public Management at UMass Boston's McCormack Graduate School of Policy Studies and the Rappaport Institute for Greater Boston at Harvard's Kennedy School of Government commissioned and funded this report by Robert L. Carey, an expert on Massachusetts health insurance costs, to assess the effects of aggressive efforts by the Springfield Financial Control Board to control increases in the City's health insurance costs. These efforts, the study concludes, yielded significant savings. The lessons of Springfield's experience are particularly timely and instructive for other Massachusetts municipalities and state policymakers struggling to control government costs.

The study finds that, by joining the Group Insurance Commission (GIC), Springfield cut increases in its health care costs an estimated $14 million to $18 million over two years. It saved an additional $5 million per year by requiring eligible municipal retirees to enroll in Medicare Part B as a precondition of receiving supplemental health coverage from the City. These two actions, together, reduced increases in the City's health care costs an estimated 15-19% annually, on average, with savings growth each year due to compounding. Furthermore, the study estimates that if the GIC continues its past pattern of keeping its cost increases lower than those experienced by other large Massachusetts cities, the City will save another $42 million to $64 million over the next three fiscal years, not including Medicare savings. It is especially noteworthy that Springfield's employees and retirees also benefited from the shift to the GIC, because the GIC offered them lower premiums, reduced out-of-pocket expenses, and a wider choice of insurance plans.

Springfield's experience offers important lessons to officials in other Massachusetts cities and towns trying to control their health insurance costs and to state officials considering changes in the laws that govern those efforts:

- First, Massachusetts communities not currently requiring their retirees to enroll in Medicare Part B could quickly realize significant savings by doing so. Springfield assured its retirees a hold-harmless arrangement on their contribution levels, but still saved money because it was able to shift costs to the federal government. Many communities in Massachusetts could achieve significant health insurance cost reductions by adopting Section 18 of MGL Ch. 32B, whether or not they join the GIC.

- Second, although the GIC is not likely to be the best option for all municipalities because their current plan characteristics may differ significantly from the Springfield plan before it joined the GIC or because more competitive health insurance options are being offered, it is likely to be attractive to many other Massachusetts municipalities. To assess this further, we plan a follow-up study to be funded by The Boston Foundation to examine the health insurance cost management experience of selected other communities.

- Third, municipalities that do not regularly verify enrollee eligibility may be missing an opportunity to reduce their health insurance costs. Springfield saved approximately $1.1 million when it joined the GIC, which verified enrollee eligibility, leading to a 5% reduction in the number of employees and retirees covered by Springfield's health benefits plan.

This analysis reflects our shared commitment to studying the experience of Massachusetts municipalities in order to help other localities and the state make better decisions about a variety of pressing issues, including the management of health insurance costs. We would like to express our appreciation to Bob Carey for his exceptional work on this report.

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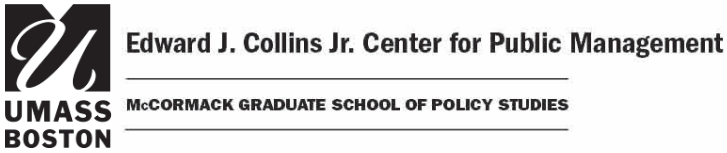

Controlling the Cost of Municipal Health Insurance: Lessons from Springfield, Massachusetts

Key Findings

1. Springfield saved between $14 million and $18 million in fiscal years 2008 and 2009 by shifting its employees and retirees into the Commonwealth's Group Insurance Commission (GIC). Several distinct factors contributed to the savings:

    - Joining a larger risk pool with lower average costs benefited the City.
    - Members moved from more expensive preferred provider organization (PPO) plans to lower-cost health maintenance organizations (HMOs) and select network plans.
    - The GIC's premium increases have been lower than what Springfield would likely have experienced had it not joined the GIC, when compared either to its own historic experience or to the experience of several other large municipalities in Massachusetts.
    - Hundreds of previously covered individuals – many who were not municipal employees – were removed from the City's health insurance rolls.

    (This savings estimate is specific to the City of Springfield and should not be used to estimate savings that may be achieved by other cities and towns that may be considering shifting their employees and retirees to the GIC.)

2. The City is projected to save between $56 million and $82 million from 2008 to 2012 if the GIC's historic 8% average annual increase continues to hold when compared to Springfield's historic annual double-digit increases in health insurance premiums and the 10-12% average annual increase experienced by other Massachusetts cities over the past several years.

3. Through lower premiums, reduced out-of-pocket expenses, and broader choice of plans, Springfield employees and retirees have also benefited from the shift to the GIC.

4. Separate and apart from joining the GIC, Springfield generated more than $5 million in savings in fiscal 2007, and at least that much in fiscal years 2008, 2009 and beyond through Springfield's earlier decision to require Medicare-eligible retirees to enroll in Medicare Part B as a precondition of receiving supplemental health coverage. These savings are above and beyond the savings the City achieved by joining the GIC.

I. Introduction

On January 1, 2007, the City of Springfield shifted its employees and retirees to the Commonwealth's Group Insurance Commission (GIC), becoming the first municipality to join the GIC's health insurance program. In the two years since the switch, the City has saved between $14 million and $18 million. This savings estimate is based on the amount Springfield would likely have spent had it not made the change compared to Springfield's historic rate of growth and cost trends in several other large Massachusetts communities. In fiscal years 2008 and 2009 the City will spend approximately $136 million for employees' and retirees' health benefits, compared to the $150 million - $154 million it would have spent had it not joined the GIC.

Assuming similar rates of increase over the next several years, the City is projected to save upwards of $56 million to $82 million over the first five years of its operation under the GIC (2008 – 2012). In total, the City is projected to spend $386.6 million under the GIC compared to $442.4 million - $468.5 million based on its pre-GIC rate of growth and the rate of growth experienced by other Massachusetts municipalities.

These savings were made possible through the GIC's lower monthly premiums, members opting for lower-priced plans, and the GIC's ability to keep premium increases in the single digits compared to the double-digit growth in premiums that have been the norm for most Massachusetts municipalities since 2000.[1]

Through lower monthly premiums, broader plan selection, and more generous benefits with lower member cost sharing (e.g., co-payments, co-insurance, deductibles), Springfield's employees and retirees have also benefited.

The following analysis quantifies the savings that Springfield and its employees and retirees have realized since joining the GIC and projects cost savings that are likely to be achieved over the next three years. The analysis is specific to the City of Springfield and should not be used to estimate savings that may be achieved by other cities and towns that may be considering shifting their employees and retirees to the GIC. While there are steps that all cities and towns can take to reduce their health care expenses if they are not already doing so – for example, requiring Medicare-eligible retirees to enroll in Medicare Part B and auditing their enrollment files to verify employee eligibility, marital status, and dependent eligibility – it is important to recognize that the situation in Springfield was quite different from the situation in most Massachusetts cities and towns.

First and foremost, the health insurance provided by the City to its employees and retirees immediately prior to the switch to the GIC was significantly less generous, in terms of member cost-sharing, than the health insurance policies offered most municipal employees and retirees. Springfield made sweeping

[1] August 2007 report, "Municipal Health Reform: Seizing the Moment," issued by the Boston Municipal Research Bureau and the Massachusetts Taxpayers Foundation, documents that municipal health insurance costs increased 13% annually from 2001 through 2006, compared to an 8% average annual increase for the Group Insurance Commission over that time period.

changes to its health benefits in 2005, which greatly increased member cost-sharing. The higher point-of-service cost-sharing in the health plans offered to Springfield enrollees before they joined the GIC meant that the vast majority of Springfield enrollees likely saw a reduction in their out-of-pocket costs when they enrolled in the GIC's plans.

By comparison, most other municipal employees and retirees are offered richer coverage with lower out-of-pocket costs than the health plans offered by the GIC. Because Springfield members were offered GIC health plans with lower premiums and lower member cost-sharing than the City's health plans, the decision to join the GIC was an easy one to make. This will likely not be the case for most municipal workers.

Second, Springfield members were heavily concentrated in a preferred provider organization (PPO) plan, but when they switched to the GIC a large number of Springfield enrollees opted for lower-priced, network-based health maintenance organizations (HMOs) and limited network plans. The decision on the part of Springfield enrollees to opt for lower-priced plans had a material effect on the health insurance costs for the City and its enrollees. This shift to lower-priced plans may or may not occur in other cities and towns that join the GIC, which will affect the amount of savings that accrues to these other cities and towns, and their employees and retirees.

Finally, Springfield's employees and retirees may have higher average health care costs than the average GIC member. This means that when Springfield's members were merged with the larger GIC pool, the City's average cost of insurance was reduced.

When a smaller group (e.g., Springfield's 16,000 members) with possibly higher average health care costs is merged with a much larger group with lower average health care costs (e.g., the GIC's 265,000 members), the smaller group's costs are spread across the larger group, resulting in a drop in costs for the smaller group and a negligible effect on the cost of insurance for the larger group, at least in the short term. While this premise cannot be confirmed due to a lack of claims data comparing Springfield members' utilization and costs to the rest of the GIC population, the combination of lower premiums and more generous benefits is an indication that some level of cross-subsidization may have occurred.[2]

[2] For example, significant cross-subsidization occurred when Massachusetts merged the 50,000 members of the individual (non-group) market with the 800,000 members of the small group market in July 2007. Rates in the individual (non-group) market fell significantly while rates in the small group market were largely unaffected. For further information on the effect of combining disparate risk pools, see the report on the merged small group and non-group markets at www.mass.gov/doi.

II. Background

Springfield's decision to shift its employees and retirees into the Group Insurance Commission (GIC) was made possible when the GIC amended its regulations in September 2006 to allow a municipal government in the midst of a "Financial Emergency"[3] to join the state employees and retirees' risk pool. The regulatory revision was limited to communities under financial duress and did not apply to any other cities and towns. Prior to the regulatory change, a municipality could join the GIC, but the municipal employees and retirees would be pooled separately, and not grouped with the larger risk pool. Without the change in the GIC's regulations, the premiums charged to the municipality "joining" the GIC would have been based on the demographics and health risk of the municipal group.[4]

This change in the rules meant that Springfield's 16,000 employees, retirees, and their dependents would be combined with the much larger GIC risk pool, which was comprised of more than 250,000 individuals. As this report will show, joining the GIC proved to be financially advantageous for the City and its employees and retirees.

While the GIC revised its regulations to allow the City to join its largest risk pool, Springfield's Finance Control Board and Mayor negotiated with the municipal unions to obtain their approval for the transfer. As detailed in the following sections, joining the GIC enabled Springfield's employees and retirees to reduce their monthly premiums and pay lower point-of-service cost-sharing, which made the unions' decision to join the GIC and give up the ability to collectively bargain plan design easier to accept.

By June of 2006, Springfield's unions signed-off on the agreement to join the GIC. In October and November of 2006, the GIC held a special enrollment for over 7,800 Springfield employees and retirees, and on January 1, 2007, Springfield became the first municipality to join the GIC.

Pre-GIC Plan Design Changes Dramatically Increased Costs for Springfield Enrollees

Prior to the switch to the GIC in January 2007, Springfield offered employees and retirees an indemnity plan, a PPO plan, a point of service (POS) plan, and two HMO plans.[5] The City self-funded[6] its health

[3] "Financial Emergency" is defined in the GIC's regulations as "a municipality's fiscal crisis, as determined by the Legislative or Executive Branch, which necessitates control and oversight by a finance control board within the Commonwealth's Executive Branch." At the time, Springfield was the only municipality that met this definition. However, MGL Ch. 67 of the Acts of 2007, which was passed by the Legislature in July 2007, allows other municipalities to join the GIC's largest risk pool. Twelve municipal groups, including Springfield, currently receive health insurance through the GIC, and 14 more will be joining the GIC in July 2009.

[4] The GIC operates two risk pools. In addition to the state employees and retirees risk pool, which currently includes over 270,000 individuals, the GIC also administers a separate risk pool for retired municipal teachers (RMTs). RMTs are offered a sub-set of GIC plans with the premiums for the largest plan – the Commonwealth Indemnity Plan – based on the health risk of the 14,000 individuals in this risk pool. The RMTs' premiums for the Indemnity Plan are 7-10% higher than they are for state employees and retirees.

[5] Indemnity plans allow members to visit any physician or hospital, but members may pay more if the physician or hospital charges more than the carrier is willing to pay (i.e., above the carrier's "allowed amount"); PPO plans provide members with access to a network of physicians and hospitals, but also allow members to use out-of-network providers, subject to greater member cost-sharing; POS plans require members to select a primary care

benefits plans and used Cigna, a national carrier, as the primary plan administrator. The City also contracted with Health New England (HNE), a Springfield-based managed care plan, to administer one of the HMO plans.

Eighty percent of Springfield's members were enrolled in the PPO or POS plan, while 19% selected an HMO, and only 1% of members opted for the indemnity plan. Benefits and cost- sharing across the plans were virtually identical, with the major difference being the ability of PPO and POS members to access out-of-network providers, while HMO members were limited to the carriers' network of providers.

The City had only been with Cigna and HNE since January 2005, having previously contracted with Blue Cross Blue Shield of Massachusetts (BCBS-MA). The shift from BCBS-MA to Cigna/HNE in January 2005 was followed in April 2005 by major changes to cost-sharing that Springfield made to its health benefits plans, which generated millions of dollars in savings to the City in fiscal year 2006.[7]

The plan design prior to April 2005 required no member cost-sharing for most services – including inpatient admissions, outpatient surgery, laboratory, radiology and advanced imaging services, and durable medical equipment, among others – and $6 co-payments for physician's office visits. In sharp contrast, the revised schedule of benefits included member cost-sharing for almost all medical services. (Table 1 summarizes the schedule of benefits before and after April 1, 2005.)

In addition to cost-sharing changes, the City also adopted Section 18 of MGL Ch. 32B, which requires municipal retirees who are eligible for Medicare to enroll in Medicare Part B as a precondition for receiving supplemental health coverage from the City. This took effect on July 1, 2005.

The combination of increasing cost-sharing and the adoption of Section 18 cut the City's health care expenses by more than 25% , from $78 million in FY 2005 to $57 million in FY 2006. The Section 18 Medicare requirement alone saved the City over $5 million per year. The increased cost-sharing reduced the City's health expenses by more than $15 million. From FY 2005 to FY 2006, the City's per enrollee costs declined by $2,430, from $9,170 to $6,740.

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physician (PCP), but allow members to self-refer and to seek care from out-of-network providers, subject to higher cost sharing; HMO plans use a network of physicians and hospitals, care is coordinated by a PCP, and members typically must be referred by their PCP to receive care from a specialist. There is no out-of-network coverage provided.

[6] Self-funding means the City pays the health carriers an administrative fee – commonly referred to as an Administrative Services Only (ASO) fee. The ASO fee pays for claims processing and adjudication, access to the carriers' provider network, care management and disease management programs, and customer service. The City bears the risk of covering the cost of medical claims. In a fully insured arrangement, the City pays a monthly premium for each member, which covers all of the services, including medical claims, and the carrier bears the risk of covering the costs.

[7] These changes to the City's health plans were not collectively bargained with the unions and became the subject of a union grievance filed against the City, which has since been resolved.

The savings the City realized in FY 2006 were obviously significant; however, the one-year reduction in costs did not appear to be sustainable. In FY 2007, the City once again faced a double-digit increase in health care costs, despite the cost sharing changes adopted the previous year. Per-enrollee costs climbed more than 15% in FY 2007, from $6,740 to $7,970.

TABLE 1 – SPRINGFIELD PLAN DESIGNS – BEFORE AND AFTER APRIL 2005 CHANGES TO MEMBER COST-SHARING

Benefit/Service	Plan Design Before Changes	Plan Design After Changes
Employee Share of Premium	25%	25%
Deductible	None	$250/$500
Office Visits		
PCP/Preventive Care	$6	$15
Specialists	$6	$25
Mental Health/Substance Abuse	$6	$15
Physical/Occupation Therapy	$6	$25
Outpatient Surgery	None	10% after deductible[8]
Lab, Radiology, Imaging	None	10% after deductible
Durable Medical Equipment	None	10% after deductible
Emergency Care (waived if admitted)	$20	$100
Inpatient Acute Care	None	10% after deductible[9]
Inpatient Rehab	None	10% after deductible
Inpatient MH/SA	None	10% after deductible
Prescription Drugs		
Tier 1 (generic)	$10	$10
Tier 2 (preferred brand)	$20	$20
Tier 3 (non-preferred brand)	$35	$35
Out-of-Pocket Maximum	None	$1,000/$2,000

Confronted with the inability to control costs without additional cost-shifting to employees and retirees, in the late winter and early spring of 2006, the Springfield Finance Control Board's executive director, the state's Executive Office for Administration and Finance, and the Group Insurance Commission's staff began exploring the possibility of moving the City's employees and retirees into the GIC. The discussions culminated in changes to the GIC regulations to allow a city under financial duress to join the GIC's largest risk pool, and subsequently led the City to transfer its employees and retirees to the GIC.

[8] Based on a Massachusetts Division of Insurance report, the average cost per outpatient surgery is approximately $1,500, although there can be considerable variation based on the type of surgery performed.

[9] Based on a Massachusetts Division of Insurance report, the average cost per inpatient admission is approximately $9,000 based on an average length of stay of 4.5 days.

III. Springfield's Experience with the Group Insurance Commission

By joining the GIC, the City was able to cut the rate of growth in its health care costs from double digits to low single digits, while at the same time offering its employees and retirees a more generous benefits package with lower premiums and less member cost-sharing. Three main factors generated the savings for the City:

1. On average, the GIC's health insurance premiums were lower than Springfield's premiums.

2. A significant proportion of Springfield's enrollees opted for lower-priced GIC plans, in particular Health New England's HMO plan and an indemnity plan – "Community Choice" – that includes all physicians but utilizes a select network of (primarily community) hospitals.

3. The GIC held its average premium increases to single-digits between FY 2006 and FY 2009, compared to an average 10% rate increase that the state's larger municipalities have been experiencing.

FY 2007 – Mid-Year Transition to the GIC

The shift to the GIC on January 1, 2007 generated savings of approximately $1.1 million in the second half of FY 2007, as Springfield's health costs were reduced from $32.8 million in the first half of the year (i.e., July to December 2006) to $31.7 million from January to June 2007. These savings were primarily due to a 5% reduction in the number of employees and retirees covered by Springfield's health benefits plan, from 8,194 subscribers in July 2006 to 7,749 subscribers in January 2007.

The drop in the number of subscribers resulted from the City eliminating coverage for a number of non-public employee groups that had previously been covered under Springfield's health insurance program – including members of the Springfield Symphony Orchestra and employees of the private-sector firm that operates the City's water and sewer facilities.

In addition, as part of the enrollment verification process managed by the GIC, Springfield employees and retirees were required to verify marital status and dependents' eligibility. The GIC reviewed "over 10,000 marriage certificates, birth certificates, Medicare cards, and other required documents"[10] prior to allowing Springfield members to sign up for coverage. This eligibility verification requirement also trimmed the City's health insurance rolls, according to the GIC.

Savings derived not only from a drop in the number of subscribers but also because of lower health insurance premiums. Premiums for GIC plans were lower than premiums for the City's previously offered health plans. As Table 2 indicates, the monthly premiums for the GIC's regional HMO plan (Health New England HMO) were 13-15% lower than Springfield's previously offered HMO premiums. The GIC's PPO plans' premiums were 3-7% lower than Springfield's PPO plan's premiums.

[10] "Raising the Bar in Health Care," Commonwealth of Massachusetts Group Insurance Commission, Fiscal Year 2007, Annual Report.

TABLE 2 – SPRINGFIELD AND GIC MONTHLY PREMIUMS FOR NON-MEDICARE PLANS			
Plan Type	Carrier/Plan Name	Total Monthly Premium[11] (FY2007)	
		Individual	Family
Springfield's FY 2007 Plans			
HMO	Cigna and Health New England	$416.36	$1,061.84
PPO	Cigna	$467.47	$1,180.67
POS	Cigna	$618.64	$1,155.14
Indemnity	Cigna	$941.98	$2,409.88
Group Insurance Commission's FY 2007 Plans			
HMO	Health New England	$362.11	$897.27
HMO	Neighborhood Health Plan	$364.28	$967.76
HMO	Fallon Community Health Plan Select Plan	$406.60	$956.42
HMO	Fallon Community Health Plan Direct Plan	$344.77	$827.00
Indemnity/Select Network Plan	UniCare Community Choice (select hospital network)	$312.89	$750.42
PPO	Tufts Navigator	$450.01	$1,092.11
PPO	Harvard Pilgrim's Independence Plan	$450.49	$1,089.02
PPO	UniCare PLUS	$451.86	$1,077.84
Indemnity	UniCare Indemnity Basic	$636.76	$1,487.01
Indemnity	UniCare Indemnity Basic with CIC	$667.22	$1,557.87

The GIC also provided a broader range of health plan options, including the aforementioned Indemnity Community Choice plan, which proved to be particularly popular with Springfield enrollees. The Community Choice plan had the lowest monthly premiums, which reflected a limited network of lower-priced community hospitals that excluded most higher-priced academic medical centers (e.g., Massachusetts General Hospital, UMass Memorial, Brigham and Women's). However, the Indemnity Community Choice plan's hospital network does include Baystate Medical Center, an academic medical center located in Springfield that is the largest hospital in western Massachusetts. This allowed Springfield members to select the lowest priced plan without giving up access to the largest medical facility in the region.

While the GIC's health insurance premiums for active employees and pre-65 retirees were lower than Springfield's, the GIC's Medicare plans' premiums were higher, as Table 3 shows. This was due to Springfield's decision, prior to joining the GIC, to subsidize the cost of its Medicare plan with a portion of the non-Medicare plans' premiums.

[11] The premiums listed reflect the total cost of the health plan, including the employee's share and the City's share.

When the City adopted Section 18, the Medicare Part B requirement, it sought to keep Medicare-eligible retirees' cost of insurance comparable to the retirees' cost prior to the adoption of Section 18. Springfield did this by setting the premium for its Medicare plans so that when combined with the Part B premium[14] the total cost of insurance for Medicare-eligible retirees would be comparable to the amount paid by active employees and pre-65 retirees.

TABLE 3 – SPRINGFIELD AND GIC MEDICARE PLANS' MONTHLY PREMIUMS (FY 2007)

Plan Sponsor	Medicare Plan Name[12]	Total Monthly Premium[13]
Springfield	Cigna Medicare Advantage	$115.32
GIC	Indemnity OME Basic w/CIC	$346.48
GIC	Indemnity OME Basic	$336.41
GIC	Tufts Complement	$332.68
GIC	Tufts Preferred	$148.86
GIC	Health New England Medrate	$386.66

For Medicare-eligible retirees with a City pension of less than $30,000, Springfield mitigated the financial impact of the switch to the GIC. To offset the added cost of the GIC's Medicare plans for retirees with an annual pension of less than $30,000, the City agreed to pay 90% of the retirees' monthly premium, as opposed to 75% of the premium that the City contributes for active employees, pre-65 retirees, and Medicare-eligible retirees with a City pension of $30,000 or more. The higher City contribution for lower-income Medicare-eligible retirees is to be phased down over a 10-year period, until the City's contribution reaches 75% of the premium.

Savings Grew in FY 2008 and FY 2009

In FY 2008 and FY 2009, the City realized greater savings due to the GIC's lower premiums and lower rate of premium increase. After years of double-digit increases, Springfield's average cost per subscriber – i.e., total health care costs divided by total number of employees and retirees – increased only 3.2% in FY 2008 and just 5.1% in FY 2009, for a two-year increase of 8.4%. (See Tables 4 and 5.) The lower rate of growth in health care costs saved Springfield at least $5 million in FY 2008 and $9 million in FY 2009. This savings estimate assumes the City's health care costs would have climbed 10%

TABLE 4 – SPRINGFIELD'S INCREASE IN HEALTH INSURANCE COSTS (FY 2007 – FY 2009)

	Avg. Annual Cost/Enrollee	Total Cost[15]
FY 2007	$7,972	$63.6 M
FY 2009	$8,645	$71.4 M
Net Change (FY 07 – FY 09)	$673	$7.8 M
Net % Change (FY 07 – FY 09)	8.4%	12.3%

[12] The GIC also offered Medicare plans from Fallon Community Health Plan and Harvard Pilgrim Health Care; however, no Springfield retirees selected either of these plans and therefore their rates are not listed.
[13] Medicare plans cover one Medicare-eligible retiree. A retiree with a Medicare-eligible spouse would be covered by two separate Medicare policies. Total monthly premiums include the retiree's share and the City's share.
[14] The Part B monthly premium was $93.50 in calendar year 2007.
[15] Total costs grew faster than average annual cost per enrollee due to a 6.6% increase in the number of subscribers. From January 2007 to July 2008, the City added 509 enrollees to its health insurance rolls.

annually, the approximate rate of growth in health care expenses experienced by other large Massachusetts municipalities from FY 2006 through FY 2009. While health care costs for Boston, Cambridge and Lowell increased an average of 10%, there was considerable variation in the year-to-year rates of increase. Table 5 displays the annual percentage change in health benefits costs for each city from FY 2006 to FY 2009 (budgeted). It should be noted that premium increases for employer-sponsored insurance in Massachusetts have slowed a bit in the past two years.

TABLE 5 – ANNUAL INCREASE IN HEALTH INSURANCE COSTS

Employer	Yearly % Change in Health Insurance Costs		
	FY 06 – FY 07	FY 07 – FY 08	FY 08 – FY 09
Boston	10.0%	9.7%	7.0%
Cambridge	12.9%	11.8%	9.4%
Lowell	2.5%	15.0%	10.0%
Springfield	18.3%	3.2% [16]	5.1%
GIC	7.3%	3.8%	6.4%

Assuming an annual premium increase of 10-12% had the City not opted to join the GIC, Springfield would have spent between $150 million and $154 million, compared to the $136 million it will pay the Commonwealth for health insurance in FY 2008 and FY 2009. Using these same projected rates of increase in FY 2010 through FY 2012 – in comparison to the 8% average annual premium increase the GIC experienced from FY 2004 to FY 2009 – the City will save between $56 million and $82 million over the first five years with the GIC. (See Table 6.)

TABLE 6 – SAVINGS ESTIMATE (FY 2008 – FY 2012)

Fiscal Year	Springfield's Total Costs with GIC[17]	Springfield's Total Costs at 10% Trend	Estimated Savings	Springfield's Total Costs at 12% Trend	Estimated Savings
2008	$64.8 M	$69.9 M	$5.1 M	$71.2 M	$6.3 M
2009[18]	$71.4 M	$80.3 M	$8.9 M	$83.1 M	$11.7 M
2010	$77.1 M	$88.3 M	$11.2 M	$93.1 M	$16.0 M
2011	$83.3 M	$97.1 M	$13.8 M	$104.3 M	$21.1 M
2012	$89.9 M	$106.8 M	$16.9 M	$116.8 M	$26.9 M
Total	$386.6 M	$442.4 M	$55.8 M	$468.5 M	$81.9 M

[16] FY 2007 – FY 2008 was the first full year that Springfield employees and retirees received their health insurance from the GIC.

[17] Springfield's total costs with the GIC in 2008 represent actual spending, 2009 costs reflect budgeted amounts, and costs in 2010 through 2012 project an 8% annual rate of increase. Average increase for FY 2004 – FY 2009 obtained from "Resources for Municipalities" section of GIC web site, www.mass.gov/gic.

[18] FY 2009 costs also reflect a 4.8% increase in enrollment.

Springfield's Employees and Retirees Have Shared in the Savings

While the City has saved upwards of $15 million in two years with the GIC, the City's employees and retirees have also benefited. At the time of the transfer to the GIC in January 2007, Springfield members in all plan types – HMO, PPO, and Indemnity – saw their monthly premiums decline from what they were charged by Springfield for the same plan type. HMO enrollees who had been paying $104.09 for an individual policy were able to cut their premiums by 13% (a savings of $13.56 a month) if they switched to the GIC's HMO plan offered by Health New England or by 25% (a savings of $25.87 a month) if they enrolled in the GIC's Community Choice select network indemnity plan. PPO enrollees saw their monthly premiums drop by $4 for an individual policy and between $22 and $25 for a family policy.

TABLE 7 – SPRINGFIELD MEMBERS' SHARE OF HEALTH INSURANCE COSTS (FY 2007 – FY 2009)
INDIVIDUAL POLICY

Plan	Individual Policy – Member Share (25%)		
	FY 2007	FY 2008	FY 2009
HMO and Select Network Plans			
Previous Springfield HMO plan	**$104.09**	--	--
GIC HMO (Health New England)	$90.53	$98.69	$106.77
GIC Community Choice	$78.22	$87.45	$102.74
PPO Plans			
Previous Springfield PPO plan	**$116.87**	--	--
GIC PPO (Tufts)	$112.50	$116.15	$121.56
GIC PPO (Unicare PLUS)	$112.97	$117.49	$130.45
Indemnity Plans			
Previous Springfield Indemnity Plan	**$232.50**	--	--
GIC Indemnity	$166.81	$175.56	$188.31
Medicare Plans			
Previous Springfield Medicare Advantage	**$28.83**	--	--
GIC Indemnity Medicare (OME)[19]	$34.65	$38.36	$46.18

Compared to the amount that Springfield's employees and pre-65 retirees were paying prior to the switch to the GIC, premiums in FY 2009 have barely changed from their FY 2007 levels, before the City joined the GIC. For example, an employee who was enrolled in the Springfield HMO in the first half of FY 2007 paid $104.09 monthly for an individual policy. That same employee in FY 2009 is charged $106.77 (an increase of 2.6%) for the GIC's Health New England HMO or $102.74 for the GIC's Community Choice plan. The same holds true for workers that choose a family PPO policy. Whereas a Springfield employee paid $295.17 for Springfield's PPO plan in FY 2007, a worker selecting the Tufts Navigator PPO plan from

[19] Springfield's Medicare-eligible retirees with pensions of less than $30,000 contributed 10% of the GIC's Medicare supplement plan premium in FY 2007, 11.5% of the premium in FY 2008, and 13% of the premium in FY 2009.

the GIC is paying $293.38 a month in FY 2009. Table 7 and Table 8 display the members' share of the monthly premiums for Springfield's plans in FY 2007 and for the GIC's most popular[20] plans in FY 2007, FY 2008 and FY 2009.

TABLE 8 – SPRINGFIELD MEMBERS' SHARE OF HEALTH INSURANCE COSTS (FY 2007 – FY 2009)
FAMILY POLICY

Plan	Family Policy – Member Share (25%)		
	FY 2007	FY 2008	FY 2009
HMO and Select Network Plans			
Previous Springfield HMO Plan	**$256.46**	--	--
GIC HMO (Health New England)	$224.32	$244.49	$264.68
GIC Community Choice	$187.61	$209.72	$246.56
PPO Plans			
Previous Springfield PPO Plan	**$295.17**	--	--
GIC PPO (Tufts)	$273.03	$281.76	$293.38
GIC PPO (Unicare PLUS)	$269.46	$280.22	$311.31
Indemnity Plans			
Previous Springfield Indemnity Plan	**$602.47**	--	--
GIC Indemnity	$389.47	$409.68	$439.64

In addition to the premium savings, the City's employees and retirees benefited from lower point-of-service cost-sharing. While the City's previous health plans included an upfront deductible, all but one of the GIC plans had no upfront deductible and all had lower co-payments for most services. Table 9 displays member cost-sharing for the major categories of service for Springfield's previous PPO and HMO plans offered to enrollees in FY 2007 alongside the most popular GIC plans.

To evaluate the differences in the benefits of the Springfield and GIC offerings, a quantitative analysis using six hypothetical employees with different levels of medical service utilization was conducted to estimate the differences in member costs, including premiums and out-of-pocket expenses. The details of this analysis can be found in the Appendix to this report.

The analysis shows that Springfield members paid lower premiums and had lower out-of-pocket expenses when they made the switch to the GIC. The overwhelming majority of Springfield members saved hundreds of dollars though lower premiums and lower out-of-pocket costs, regardless of their plan selection.

[20] Over 94% of Springfield members were enrolled in these plans.

TABLE 9 – COMPARISON OF COST-SHARING – SPRINGFIELD AND SELECT GIC PLANS					
Service	Cost-Sharing for Major Categories of Service by Plan				
	Springfield	Group Insurance Commission Plans (FY 2007)			
	PPO/HMO	Tufts PPO	HNE HMO	Community Choice & PLUS	Indemnity Basic with CIC
Deductible[21]	$250/$500	None	None	None	$75
Inpatient Admit[22]	10% [23]	$300	$200	$200	$150
Outpatient Surgery[24]	10%[25]	$75	$75	$75	$75
ER Visit	$100	$50	$50	$50	$50
PCP Office Visit	$15	$15	$15	$10	$10
Specialist Office Visit	$25	$15	$15	$10	$10
Rx – Tier 1	$10	$10	$10	$7	$7
Rx – Tier 2	$20	$20	$20	$20	$20
Rx – Tier 3	$35	$40	$40	$40	$40
Out-of-Pocket Maximum[26]	$1,000/$2,000	None	None	None	None

Voting with Their Feet – Members Opt for Lower-Priced, Select Network Plans

As noted previously, the GIC offers Springfield members an array of health plans with different premiums and different provider networks. Point-of-service cost-sharing is relatively comparable across the GIC plans. Therefore, enrollees have a choice between health plans that have higher monthly premiums because they include a large provider network and out-of-network coverage (i.e., PPO and indemnity plans) and lower-priced plans that utilize a more limited network of providers (i.e., regional HMOs or the Community Choice plan, which utilizes a select hospital network).

Given a number of plans from which to choose, a significant proportion of Springfield enrollees have opted for lower-priced plans with limited provider networks. Initially (i.e., in January 2007) over one-third of Springfield members selected a limited network plan. Over the past two years, even more

[21] Deductible amounts reflect individual coverage ($250) and family coverage ($500).
[22] GIC plans limit the co-payments for inpatient admissions to no more than four per person per year.
[23] Based on a Massachusetts Division of Insurance report, the average cost per inpatient admission is approximately $9,000 based on an average length of stay of 4.5 days.
[24] GIC plans limit the co-payments for outpatient surgery to a maximum of four per person per year.
[25] Based on a Massachusetts Division of Insurance report, the average cost per outpatient surgery is approximately $1,500, although there can be considerable variation based on the type of surgery performed.
[26] Out-of-pocket maximum applies only to inpatient admissions and outpatient surgery. The amounts listed reflect individual coverage ($1,000) and family coverage ($2,000).

Springfield enrollees have opted for one of the GIC's select network plans, and in FY 2009 close to half of all Springfield enrollees are enrolled in an HMO or the Community Choice plan. (See Table 10)

TABLE 10 – DISTRIBUTION OF SPRINGFIELD MEMBERS BETWEEN BROAD NETWORK AND SELECT NETWORK PLANS

	FY 2006	FY 2007 (7/06-12/06)	FY 2007 (1/07-6/07)[27]	FY 2008	FY 2009
Broad Network (PPO/Indemnity)	83%	81%	64%	61%	55%
Limited Network (HMO/Community Choice	17%	19%	36%	39%	45%

The savings to the City and to the enrollees that have opted for the lower-priced plans have been significant. In FY 2008 and FY 2009, Springfield's health care costs were reduced by more than $1.6 million as a result of the increased number of enrollees opting for lower-priced plans. In addition to the savings to the City, members that opted for Health New England's HMO plan or the Community Choice plan – instead of selecting a PPO or indemnity plan – have saved over $560,000 through lower monthly premiums. Put another way, if the distribution of enrollment had remained 80% PPO and 20% HMO/select network plan, the City's costs would have been $1.6 million higher over the past two years and Springfield employees and retirees would have spent over $560,000 more in premiums.

While a significant percentage of Springfield members have opted for less expensive, narrow-network plans, over 80% of state employees covered by the GIC opt for higher-priced PPO and Indemnity plans.[28]

One reason that a much greater proportion of Springfield enrollees select health plans that use a more limited network of providers may be the inclusion of Baystate Medical Center in the Community Choice plan and Health New England's HMO plan. Because the provider networks for the lowest-priced plans include the region's major medical facility, Springfield's members are offered the opportunity to pay lower monthly premiums without giving up access to the region's largest hospital system.

The ability of members to keep their physician, access the largest hospital in the region, and pay the lowest premiums among the GIC options would likely not be the case in most other parts of the state. Because the Community Choice plan does not include most of the major teaching hospitals in Boston (i.e., Mass General and Brigham and Women's), it is less likely that a metro-Boston community that joins the GIC will experience the same concentration of enrollment in these lower-priced plans.

Two other factors may be influencing the decision by a large percentage of Springfield enrollees to enroll in lower-priced plans. First, when Springfield switched to the GIC, members were required to choose a health plan, as opposed to being automatically re-enrolled in the plan that they had previously

[27] Springfield enrollees were switched to GIC coverage on January 1, 2007.

[28] "Taking Steps to Improve Health Care Quality and Cost," Commonwealth of Massachusetts Group Insurance Commission, Fiscal Year 2008, Annual Report.

selected. Requiring members to make a new plan selection – particularly from a number of carriers and plans that had not previously been offered – forced Springfield enrollees to look at all of their options and select a plan and a carrier that best met their needs.

Second, because Springfield employees and pre-65 retirees contribute 25% of the monthly premium, there is a larger difference in the cost to the member who selects a more expensive health plan than there is for most state employees and retirees who pay only 15% of the monthly premium. For example, a Springfield employee that selects the Tufts PPO plan's family policy instead of the Community Choice plan will pay $47 more each month (or $562 more for the year). In contrast, a state employee selecting Tufts will pay $28 more each month (or $337 more for the year).

IV. Conclusions and Recommendations

Springfield's decision to shift its employees and retirees into the GIC resulted in significant and immediate savings to the City. In the first two years, the City saved at least $14 million. Savings over the first five years will likely exceed $50 million.

These savings have been achieved without shifting costs to employees and retirees. In fact, Springfield members have shared in the saving through lower monthly premiums and lower out-of-pocket expenses.

The GIC's eligibility verification process contributed to the City's savings. Prior to joining the GIC, Springfield covered a number of non-municipal employer groups under its health insurance plan, including employees of a private-sector firm that operates the City's water and sewer facilities. Removing these and other non-municipal employees from Springfield's health insurance rolls reduced the City's health costs by hundreds of thousands of dollars.

In addition to scrubbing the eligibility files and removing non-eligible employees, the GIC undertook a thorough dependent eligibility verification process that required employees to provide documentation[29] in order to cover a spouse and/or their dependents under the GIC's health insurance. With the average cost of health insurance topping $8,000 per year, removing even a handful of ineligible employees, former spouses and/or ineligible dependents can save hundreds of thousands of dollars.

Above and beyond these savings, the 2005 decision by Springfield's Finance Control Board requiring Medicare-eligible retirees to enroll in Medicare Part B saved Springfield over $5 million each year since the City adopted Section 18 of Chapter 32B. These savings have been achieved without shifting costs to retirees. Instead, the Medicare Part B requirement shifts a majority of the retirees' health care costs to the federal government.

Springfield's decision to join the GIC has clearly benefited the City and the City's employees and retirees. However, as noted in the introduction, Springfield's positive experience cannot be assumed to be transferable to all other Massachusetts cities and towns. Each municipality must assess on its own how best to provide health benefits to its workers and retirees, and determine whether the GIC local option is an option worth pursuing.

Whether or not a community decides to join the GIC, there are "best practices" that all communities can undertake to reduce their health care expenses without shifting the cost to employees and retirees.

1. Adopt Section 18 of Chapter 32B and require Medicare-eligible retirees to enroll in Medicare Part B as a precondition for receiving supplemental coverage from the municipality. The reluctance on the part of many municipalities to move their Medicare-eligible retirees onto

[29] For example, unlike many employers, the GIC requires employees to submit a marriage license when an employee wishes to add his/her spouse, a birth certificate to add a dependent, etc.

Medicare costs Massachusetts taxpayers tens of millions of dollars every year and makes even less sense in today's extremely difficult economy than it did when the economy was booming.

The comparative costs for a GIC retiree further illustrate the potential savings. A GIC retiree that is not on Medicare costs the state more than twice as much as a GIC retiree that is covered by Medicare. In FY 2007, the GIC's average cost per capita for a Medicare retiree was $3,461, compared to $7,366 for a non-Medicare retiree, a difference of $3,905 per person per year. In Springfield, the adoption of Section 18 has saved the City at least $5 million each year since FY 2006.

2. Conduct a thorough review of enrollment to verify (or re-verify) employee eligibility, spousal eligibility, and dependent eligibility. Particularly for those municipalities that have not historically required documentation of spouses and dependents, the potential savings from a thorough eligibility verification initiative can be significant. Employers who conduct a dependent eligibility audit can expect to remove up to 10% of spouses and dependents covered by the plan because they are found to be ineligible. At an average cost of $2,500 per dependent, the potential savings add up quickly.

3. Consider offering enrollees a select or limited network plan as an option. Springfield's experience shows that members will opt for lower-priced select network plans if provided the option. With all of the major Massachusetts carriers offering select or tiered network plans, larger municipalities in particular should explore the possibility of offering their employees and retirees a lower-priced plan that uses a limited network of providers.

Appendix

Out-of-Pocket Analysis – Six Hypothetical Employees

To quantify the potential financial impact that the switch to the GIC's health plans may have had on Springfield's members – taking into account premiums and point-of-service cost-sharing – an estimate of the total health care expenses for six different cases was calculated for each health plan. The hypothetical employees – three individual policyholders and three family policyholders – were assumed to have different levels of medical service utilization (low, moderate, and high). These six hypothetical cases were developed in order to estimate the potential financial exposure depending on different medical needs of enrollees.[30]

To provide some context for the service utilization estimates, in a given year 6-8% of the population will be admitted to a hospital for inpatient care. For some populations that percentage can be closer to 10% while for other groups it can be less than 5%. Approximately 60% of insured individuals incur less than $1,000 in medical and prescription drug claims. And, fewer than 5% have medical and prescription drug claims that exceed $5,000. Most importantly, the vast majority of these costs are covered by health insurance.[31]

Although some members will not utilize any health services and therefore have no out-of-pocket expenses, a small minority of individuals or families may experience a series of hospitalizations, outpatient procedures, physician's office visits, and may need to fill a number of prescription drugs to treat a variety of ailments and chronic conditions. For the "high utilizers" in the analysis, very high service utilization is used to portray an extreme situation. While it certainly would be an anomaly for an individual or family to utilize so many services in a single year (e.g., eight inpatient admissions, eight outpatient surgical procedures, 42 physicians' office visits, and over 150 prescriptions), we sought to show a severe case to account for the rare outlier.

Table 11 summarizes cost-sharing for the health plans provided to Springfield employees and retirees immediately before the switch to the GIC, as well as cost-sharing for the five GIC health plans chosen by the majority of Springfield employees and non-Medicare retirees.[32]

[30] For purposes of this analysis, out-of-pocket spending for over-the-counter drugs and other health related costs not covered by health insurance are not included.

[31] These cost estimates reflect the total claims cost, the majority of which is covered by the health benefit plan and not paid for by a member's co-payment, co-insurance or deductible.

[32] This analysis is based on the health plans available to active employees and retirees under 65 and/or retirees not eligible for Medicare. Because the cost sharing for the Cigna PPO and HMO plans was identical, as is the cost sharing for the Community Choice and PLUS plans, these plans are combined in the table on the following page.

TABLE 11 – COMPARISON OF COST-SHARING – SPRINGFIELD AND SELECT GIC PLANS					
Service	Cost-Sharing for Major Categories of Service by Plan				
	Springfield	Group Insurance Commission (FY 2007)			
	PPO/HMO	Tufts PPO	HNE HMO	Community Choice & PLUS	Indemnity Basic with CIC
Deductible[33]	$250/$500	None	None	None	$75
Inpatient Admit[34]	10% [35]	$300	$200	$200	$150
Outpatient Surgery[36]	10% [37]	$75	$75	$75	$75
ER Visit	$100	$50	$50	$50	$50
PCP Office Visit	$15	$15	$15	$10	$10
Specialist Office Visit	$25	$15	$15	$10	$10
Rx – Tier 1	$10	$10	$10	$7	$7
Rx – Tier 2	$20	$20	$20	$20	$20
Rx – Tier 3	$35	$40	$40	$40	$40
Out-of-Pocket Maximum[38]	$1,000/$2,000	None	None	None	None

This analysis is designed to illustrate the potential cost differences between the City's plans and the GIC's plans. It is intended to capture the changes in cost sharing between Springfield's plans and the GIC's plans and the potential impact on enrollees, depending on their use of major medical services. It is illustrative and should not be construed to demonstrate the financial exposure for all enrollees, but rather is an attempt to provide some indication of the impact of cost-sharing on members' total costs. Table 12 shows the service frequencies used for each of the six scenarios.

[33] Deductible amounts reflect individual coverage ($250) and family coverage ($500).
[34] GIC plans limit the co-payments for inpatient admissions to no more than four per person per year.
[35] Based on a Massachusetts Division of Insurance report, the average cost per inpatient admission is approximately $9,000 based on an average length of stay of 4.5 days.
[36] GIC plans limit the co-payments for outpatient surgery to four per person per year.
[37] Based on a Massachusetts Division of Insurance report, the average cost per outpatient surgery is approximately $1,500, although there can be considerable variation based on the type of surgery performed.
[38] Out-of-pocket maximum applies only to inpatient admissions and outpatient surgery. The amounts listed reflect individual coverage ($1,000) and family coverage ($2,000).

TABLE 12 – UTILIZATION ANALYSIS – FREQUENCY OF SERVICES BY TYPE OF UTILIZER FOR INDIVIDUAL AND FAMILY POLICYHOLDERS						
	Individual Policy			Family Policy		
	Frequency of Service Per Year					
Service	Low	Moderate	High	Low	Moderate	High
Inpatient Admission	0	1	4	0	2	8
Outpatient Surgery	1	1	4	1	1	8
ER Visit	0	1	2	1	2	3
PCP Office Visit	2	3	6	4	6	12
Specialist Office Visit	0	3	15	1	3	30
Rx – Tier 1	3	7	48	6	14	96
Rx – Tier 2	1	2	24	2	4	48
Rx – Tier 3	0	1	12	1	2	24

For example, over the course of a year, the "moderate utilizer" with a family policy (column highlighted in the table above) will experience two inpatient admissions, one outpatient surgery, two ER visits, six office visits to primary care physicians, three office visits to specialists, 14 tier 1 (generic) drugs, four tier 2 (preferred brand-name) drugs, and two tier 3 (non-preferred brand-name) drugs.

For each case, the member cost sharing for each service is quantified, the annual premiums for each plan and rate basis type (i.e., individual or family policy) are added, and then the total member costs are calculated.

Overall, Springfield members paid lower premiums and had lower potential out-of-pocket expenses when they made the switch to the GIC. In each of the six hypothetical cases, a lower cost option was available to Springfield enrollees. Most importantly, the overwhelming majority of Springfield members saved hundreds of dollars though lower premiums and lower out-of-pocket costs, regardless of their plan selection. With the exception of a "low utilizer" that selected the GIC's Indemnity Basic Plan and a "high utilizer" that opted for the Tufts Navigator PPO or the Indemnity Basic Plan, in all other instances the member's total costs were lower when they were covered by the GIC plans than under the Springfield plans. (See Tables 13 and 14.)

TABLE 13 – UTILIZATION ANALYSIS FOR INDIVIDUAL POLICYHOLDERS									
Individual Policy	Low Utilizer			Moderate Utilizer			High Utilizer		
FY 2007 Rates and Cost-Sharing	Cost-Sharing	Annual Member Premium	Total Member Cost	Cost-Sharing	Annual Member Premium	Total Member Cost	Cost-Sharing	Annual Member Premium	Total Member Cost
Springfield Plans									
Cigna PPO	$480	$1,402	$1,882	$1,365	$1,402	$2,767	$3,045	$1,402	$4,447
Cigna/HNE HMO	$480	$1,249	$1,729	$1,365	$1,249	$2,614	$3,045	$1,249	$4,294
GIC Plans									
Tufts Navigator PPO	$155	$1,350	$1,505	$665	$1,350	$2,015	$3,355	$1,350	*$4,705*
Health New England HMO	$155	$1,086	$1,241	$565	$1,086	$1,651	$2,955	$1,086	$4,041
Indemnity Community Choice	$136	$939	$1,075	$514	$939	$1,453	$2,706	$939	$3,645
Indemnity PLUS	$136	$1,356	$1,492	$514	$1,356	$1,870	$2,706	$1,356	$4,062
Indemnity Basic w/CIC	$211	$2,002	*$2,213*	$539	$2,002	$2,541	$2,581	$2,002	*$4,583*

Numbers in red italics reflect instances in which the total member cost (i.e., cost sharing and member's share of annual premium) for the GIC plan is greater than the total member cost for the Springfield plan, based on the same utilization of services. As the chart shows, for all but a very few employees, GIC costs compared favorably to the previously offered Springfield plans.

TABLE 14 – UTILIZATION ANALYSIS FOR FAMILY POLICYHOLDERS									
Family Policy	Low Utilizer			Moderate Utilizer			High Utilizer		
FY 2007 Rates and Cost-Sharing	Cost-Sharing	Annual Member Premium	Total Member Cost	Cost-Sharing	Annual Member Premium	Total Member Cost	Cost-Sharing	Annual Member Premium	Total Member Cost
Springfield Plans									
Cigna PPO	$970	$3,542	$4,512	$2,655	$3,542	$6,197	$5,990	$3,542	$9,532
Cigna HMO	$970	$3,186	$4,156	$2,655	$3,186	$5,841	$5,990	$3,186	$9,176
GIC Plans									
Tufts Navigator PPO	$340	$3,276	$3,616	$1,210	$3,276	$4,486	$6,660	$3,276	*$9,939*
Health New England HMO	$340	$2,692	$3,032	$1,010	$2,692	$3,702	$5,860	$2,692	$8,552
Indemnity Community Choice	$297	$2,251	$2,548	$923	$2,251	$3,174	$5,382	$2,251	$7,613
Indemnity PLUS	$297	$3,234	$3,531	$923	$3,234	$4,157	$5,382	$3,234	$8,596
Indemnity Basic w/CIC	$447	$4,673	*$5,120*	$973	$4,673	$5,646	$5,112	$4,673	*$9,785*

Numbers in red italics reflect instances in which the total member cost (i.e., cost sharing and the member's annual premium) for the GIC plan is greater than the total member cost for the Springfield plan, based on the same utilization of services. As the chart shows, for all but a very few employees, GIC costs compared favorably to the previously offered Springfield plans.

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Previously, Mr. Carey was director of planning and development for the Commonwealth Health Insurance Connector Authority, an independent authority established pursuant to Massachusetts' landmark health reform law of 2006 to expand access to affordable health insurance for Commonwealth residents. In this role, Mr. Carey worked closely with the executive director and the board of the Health Connector to implement new health insurance programs, including designing public and commercial health benefit plans, as well as developing health care financing arrangements.

In addition, Mr. Carey served for several years as the director of policy and program management for the Massachusetts Group Insurance Commission, the state agency responsible for providing health and welfare benefits to over 265,000 state employees, retirees and their dependents. His work experience also includes senior research and policy positions with non-governmental research organizations and government oversight boards, as well as policy positions with the U.S. Congress and the Maine Legislature.

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