



MASSACHUSETTS AFL-CIO

PRESIDENT*Steven A. Tolman***SECRETARY/TREASURER***Louis A. Mandarini, Jr.***EXECUTIVE VICE PRESIDENTS***Jeffrey Bollen • Francis X. Callahan, Jr.**Jay Colbert • Barbara Madeloni*

January 16, 2019

Dr. Roberta Herman
Executive Director
Group Insurance Commission
PO Box 8747
Boston, MA 02114

Dear Dr. Herman:

Last fall, the GIC publicly reported a surplus of approximately \$114 million for FY18 representing the Commonwealth's or "employer's" share of premiums. While not publicly reported, the employees/retirees share of premium surplus would appear to be in excess of \$28 million.

We also understand that a sizable surplus is building for FY19. While just at the midway point of the fiscal year, it seems likely that FY19 will close with the 3rd multimillion-dollar GIC surplus in as many years. These surpluses continue to materialize despite annual predictions of cost increases, which are then used to justify alterations in benefit design, higher premiums and increased OOP expenses.

Collectively, we represent hundreds of thousands of public employees, retirees and their families. In recent years our members have witnessed substantial increases in both health insurance premiums, as well as out-of-pocket costs. Combined, these increased costs have a detrimental impact on our members' quality of life.

On behalf of our members, we respectfully request the following information be provided to our organizations.

1. An accounting of GIC surpluses applicable to both the employer and enrollees for FY17 and FY18.
2. What is the current budget outlook for FY19?
3. What has become of the enrollees' share of the surplus?
 - a. Is there a trust fund? If so, when was it created and under what law or regulation was it established?
 - i. What is the current balance of the trust and what has been spent over the past three fiscal years?
 - ii. How are trust funds utilized and under whose authority?

- b. Are there other trust funds that contain enrollee monies? If so, when were they created, what are the current balances and how are the funds utilized?
4. The GIC has not published a detailed annual report since FY16. What is the status of annual reports for FY17 and FY18?
5. Similarly, the GIC has not published a detailed out of pocket expense report since FY14, with the report, released last year, covering three fiscal years (2015-17) in a summary manner.
 - a. What is the status of a detailed OOP Expense report for FY18?
 - b. In relation to OOP, what is the breakdown in share of overall cost of healthcare for the employer and enrollee through FY08 through FY18?

Thank you in advance for your prompt attention to these matters.

Sincerely,

Steven Tolman
President, Mass. AFL-CIO

Merrie Najimy
President, Mass. Teachers Association

Richard MacKinnon
President, Professional Fire Fighters of MA

Beth Kontos
President, American Federation of Teachers - MA

David Holway
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Frank Moroney
Executive Director, AFSCME Council 93

Peter MacKinnon
President, SEIU Local 509

Brenda Rodrigues
President, SEIU Local 888

Frank Valeri
President, Mass Retirees

Joseph Dorant
President, MOSES

James Mastandrea
President, Machinists Local 264

Kathy Melish
President, UAW Local 1596

Cc: GIC Commissioners