

# Southeastern Massachusetts Health Group (SMHG) Board Meeting

Monday, January 13<sup>th</sup>, 2025  
*Virtual Meeting / Remote Participation / Meeting Recorded*

## Meeting Minutes

### Board Members in Attendance:

Shawn Cadime, Board Chair	Seekonk
Michael Yunits, Board Vice Chair	Norton
Kelly Usher	Raynham
Lisa Dias-Cabral	Rehoboth
Jennifer Prendergast	SCEC
Jim Hartnett	Westport

### Guests in Attendance:

Jennifer Argo	Seekonk
Chris Defontes	Seekonk
Marianna Gil	Arthur J. Gallagher
Darlenys Dominguez	Arthur J. Gallagher
Patrick Flattery	Arthur J. Gallagher

Mr. Cadime, Board Chair began the meeting at 9:35 am. Darlenys Dominguez took the attendance roll. Member units present were Norton, Raynham, Rehoboth, SCEC, Seekonk, and Westport.

### Discussion and Possible Vote to Approve the Tri-County Regional Vocational Technical School District's Application to Join SMHG Effective July 1, 2025

Marianna presented the preliminary SMHG preliminary budget using data through November 2024, noting a more detailed review will occur at the February board meeting with additional claims data and finalized BCBS admin fees. She explained the two 12-month periods used in the underwriting, considering Plainville's exit and new BCBS pharmacy programs. The medical trend is set at 7.5% and prescription drugs at 10.5%, reflecting a cautious approach due to new medications and GLP1 usage. Biosimilars, especially for Humira, are expected to reduce future costs. A 40% weighting for the older period and 60% for the newer period is applied to project claims costs. BCBS administrative fees include a 2% load and stop-loss premiums have a 35% increase loaded due to claim activity and market conditions. The total projected expenses are \$35.4 million, requiring a 10.5% increase from the current \$32.1 million budget.

Marianna discussed Tri-County Regional Vocational Technical School District's interest in joining SMHG. Currently part of the Mass Strategic Health Group, Tri-County uses HPI as a TPA and Express Scripts for pharmacy. Their stop-loss deductible is lower than SMHG's at \$175k for the current plan year. She explained that the Mass Strategic group individually rated all entities with their own plans and rates, unlike SMHG, which pooled claims as a traditional joint purchasing group. Tri-County ran at a 99.3% loss ratio last year and a 130% loss ratio this year due to mid-level claims. With 125 subscribers, they need a traditional joint purchasing group due to their

size and volatility. Tri-County has one significant claimant this year, a \$118,000 cancer claim, with previous high-cost claimants no longer on the plan or their diagnosis not ongoing.

Marianna conveyed that entities with generally favorable loss ratios typically do not seek to change their arrangement. SMHG aims to grow for better negotiating power, and Tri-County presents reasonable risk despite past claims challenges. If accepted, Tri-County would benefit from stronger network discounts and more plan options, including ones with various deductible levels. Incorporating Tri-County's subscribers would increase the SMHG preliminary budget to 12.5%, compared to 10.5% without the entity.

Jim Hartnett asked for confirmation that the projected rate increase for the upcoming year would be 12.5% with the addition of Tri-County, compared to a 10.5% increase without them.

Ms. Gil confirmed this projection but noted it could fluctuate. She cited last year's example, where a preliminary increase was in the low teens. However, the final increase was 9.7% and then it was reduced to 5.7% after the board elected to put trust dollars at risk, and she expects a similar outcome this year due to the trust's healthy performance.

Mr. Cadime noted that the group's rates would increase slightly, regardless of adding a new community.

Mr. Hartnett inquired about the benefits to the group and how long it might take to recover the additional 2% cost. He wondered if adding new members next year would enhance negotiation power and provide tangible benefits, expressing concern about the immediate impact of a 2% higher budget.

Ms. Gil explained that increasing the group's size would enhance its ability to absorb risk and negotiate better terms for stop-loss and administrative costs.

Mr. Hartnett asked if Gallagher recommended that the group should add Tri-County.

Ms. Gil stated that they do recommend SMHG to consider adding Tri-County, as SMHG has lost membership over the years.

Mr. Cadime asked Marianna what she had observed with other joint purchasing groups and whether their increase was in line with SMHG's or higher or lower.

Marianna responded that the group's increase was lower. She added that Gallagher works with another joint purchasing group facing a preliminary increase of about 20.2%.

Patrick added that the other groups he works with are seeing increases in the teens. He noted that even with a 12.5% increase, the group would be on the low end, adding to Marianna's point. He mentioned that there were groups with average renewal rates in the 20s.

Michael Yunits made a motion to approve the Tri-County Regional Vocational Technical School District's Application to join SMHG effective July 1, 2025. Lisa Dias-Cabral seconded the motion. There was a roll call vote by Ms. Dominguez.

Motion
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Norton	Yes
Raynham	No
Rehoboth	Yes
Seekonk	Yes
SCEC	Yes
Westport	Yes



The motion passed.

Ms. Gil noted that Tri-County would bring in their active membership for July 1<sup>st</sup>, but their Medicare retirees on January 1<sup>st</sup> to avoid disrupting retirees within the fully-insured calendar-year plan. Additionally, given the concerns that Aetna could do a rerating for July 1<sup>st</sup>, Gallagher did not want to introduce any additional factors as Gallagher hopes Aetna will allow the group to maintain the same rate for the second half of the year.

Marianna mentioned that several entities are exploring other arrangements within the market, not necessarily due to poor performance but due to dissatisfaction with their current carrier/TPA relationship. Some of these entities are outside the geographical areas of the other SMHG entities. She highlighted that most MA joint purchasing groups were established in the 80s and 90s with designated territories like Cape Cod, Berkshire, and West Suburban. At that time, there were more facilities and carriers, but now the market has consolidated into a monopoly with only three major carriers in Massachusetts: Blue Cross, Mass General Brigham, and Harvard Pilgrim. Additionally, many hospital facilities had been acquired or closed. Some entities are now considering reviewing joint purchasing groups outside their geographical territory, as their risk profiles were deemed good and their experience and utilization would remain consistent across Massachusetts. She noted that the only joint purchasing group established since the 1990s in MA is the Mass Strategic group, founded in 2019, which operates statewide and is not limited to a specific geographical area. Marianna opened the discussion to the board, inviting thoughts on exploring additional prospects for potential membership in SMHG, even if they were outside the geographical area.

Michael Yunits, Kelly Usher, and Shawn Cadime concurred with proceeding to explore these prospects, regardless of their geographical location.

**Open Session for Topics Not Reasonably Anticipated 48 Hours in Advance of the Meeting**

Marianna added that the Gallagher team had received the Blue Cross ACA file and was in the process of gaining access to their website. Once access was granted, they would distribute a file for each specific entity.

**Next Meeting**

The next meeting will be held on Tuesday, January 21<sup>st</sup>, 2025, at 9:30 am.

Michael Yunits made a motion to adjourn the meeting. Jim Hartnett seconded the motion. The meeting was adjourned by unanimous consent at 9:54 a.m.

Motion

*Submitted by  
Darlenys Dominguez  
Gallagher Benefit Services*