



Southeastern Massachusetts Health Group (SMHG) Board Meeting

Thursday, March 20th, 2025

Virtual Meeting / Remote Participation / Meeting Recorded

Meeting Minutes

Board Members in Attendance:

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

Guests in Attendance:

Jennifer Sroka	Norton
Jennifer Argo	Seekonk
Chris Defontes	Seekonk
Stella Farias	Westport
Rich Bienvenue	Treasurer
Michael Breen	Blue Cross Blue Shield
Stephanie Davison	Blue Cross Blue Shield
Darlenys Dominguez	Arthur J. Gallagher
Patrick Flattery	Arthur J. Gallagher
Marianna Gil	Arthur J. Gallagher
Sheila Kaye	Arthur J. Gallagher
Joy Layden	Arthur J. Gallagher
Taylor Whitcomb	Arthur J. Gallagher
Amy Bickford	Abacus
Tara Cote	Abacus
Denise DeBlasio	Abacus
Jeremy Doak	Abacus
Jill Gallant-Shaw	Abacus

Mr. Cadime, Board Chair, began the meeting at 9:31 am.

Darlenys Dominguez took the attendance roll. Member units present were Dighton, Norton, Seekonk, SCEC, and Westport. Raynham and Rehoboth joined the meeting after the attendance roll had been taken.

Vote to Approve Meeting Minutes of February 27th, 2025

Jim Hartnett made a motion to approve the meeting minutes of February 27th, 2025. Michael Yunits seconded the motion. There was a roll call vote by Ms. Dominguez.

Motion



Dighton	Yes
Norton	Yes
Seekonk	Yes
SCEC	Yes
Westport	Yes

The motion unanimously passed.

Vote to Approve Meeting Minutes of March 5th, 2025

Jim Hartnett made a motion to approve the meeting minutes of March 5th, 2025. Michael Yunits seconded the motion. There was a roll call vote by Ms. Dominguez.

Motion

Dighton	Yes
Norton	Yes
Seekonk	Yes
SCEC	Yes
Westport	Yes

The motion unanimously passed.

Aetna Rate Effective 7/1/25

Patrick Flattery discussed the Aetna rates effective 7/1/25, detailing the process of reintroducing the Medex plan. Initially, Blue Cross provided a quote contingent on 100 subscribers, and these developments were shared with SMHG's Aetna account manager, who was laid off during the process. After SMHG approved the Medex plan, Aetna's sales rep, Liz Sampo, incorrectly stated there would be no rate impact if demographic changes were under 10%. Despite weeks of working with Aetna, Gallagher received no rate change information until Marianna contacted them in early December, stating the rate was firm due to Aetna's lack of communication. Only then did Aetna propose a \$100 per member per month increase for the year. After negotiations, a compromise was reached to maintain the current rate for the first half of the year, with a review in Q1 2025.

In Q1 2025, Aetna presented data showcasing January 2025 claims were higher than January 2024, which Patrick believed was misleading due to expected medical trends and healthcare inflation. Aetna presented an \$80 per member per month increase from July onward. Patrick requested data and expressed disappointment at Aetna's punitive approach despite Gallagher's good-faith efforts, noting CVS Health's financial struggles likely influenced the situation. With CMS requiring 90 days' notice for rate increases, a final decision was needed by April 1st, and Gallagher was still seeking a reversal, but unlikely. He concluded that the \$80 increase would take effect starting 7/1/25.

Jennifer Prendergast asked for clarification on the new monthly amount being \$80.

Mr. Flattery confirmed that the increase would add \$80 per month, raising the full Aetna rate to \$424.19 starting July 1st for the remainder of the calendar year.

Paul Reynolds expressed concerns about comparing claims data from January 2024 to January 2025, seeing it as an unreasonable comparison due to the transition from Blue Cross to Aetna. He noted that many retirees were initially hesitant to schedule appointments in early January 2024 as they navigated the new plan, leading to a period of coordination and apprehension. Paul questioned whether Aetna had considered the impact of this

transition, emphasizing that retirees, particularly the elderly, would naturally be cautious when adopting a new health insurance plan. He felt that comparing claims data from the transition period to a period after the plan was established was neither accurate nor fair.

Mr. Flattery informed Aetna that the metric used for comparison was not valuable due to the previously mentioned reasons by Paul. He noted that even if the metrics were accurate, rising medical trends would overshadow the impact of a 9% membership decrease. He emphasized that increasing medical costs make historical cost comparisons less useful. Patrick pushed for evidence of issues with the group's risk profile to justify the rate change, but believed Aetna's financial stakeholders were prioritizing profits over logic.

Mr. Flattery proposed two options to address the rate increase: using the trust fund to subsidize the Aetna plan's increase or transitioning all members to Medex with a subsidized rate. He noted that using the trust fund would be simpler with Medex, as its medical portion is self-funded. After reviewing historical and current performance with Marianna, moving everyone to Medex with a lower rate than the current one was deemed viable. He suggested setting the Medex total rate at approximately \$400 by using trust fund dollars to mitigate the budget and member impact. He highlighted that the Aetna plan had already experienced a \$39 increase on January 1st, totaling an additional \$120 per month increase over the last six months of the year.

Marianna Gil discussed the financial impact of the Aetna plan, noting about 1,100 members remain. She stated that fully subsidizing the proposed \$80 increase would cost the trust approximately \$500,000. She also mentioned Patrick's second option, where historical data indicated Medex plan's per member per month medical costs were around \$170, plus the fully insured PDP rate. She suggested estimating costs and setting the rate at \$400, noting that if the plan performs well, trust fund dollars would not be needed. If it underperforms, SMHG's well performing trust fund can cover additional claims, allowing for a more accurate renewal on January 1, 2026.

Mr. Reynolds inquired whether RetireeFirst's support is exclusively linked to the Aetna plan or if they would also assist if all members were under the Medex plan, should SMHG decide to terminate Aetna.

Mr. Flattery responded that some fees for RetireeFirst services were part of the Aetna fee, but not exclusively tied to Aetna. Gallagher would verify if RetireeFirst could manage the new Medex arrangement, likely at an additional cost of \$10 PMPM per the current Aetna arrangement.

Mr. Cadime asked for the current estimated subscriber total for the Aetna plan. Mr. Flattery stated that the most recent estimate was about 1,100.

Mr. Reynolds was concerned about inconveniencing members by informing retirees of another plan change so soon. He noted that while retirees were generally satisfied with the Aetna plan, previous uncertainty had caused many worried calls. Paul was particularly concerned about the message sent by frequent plan changes, especially since retirees had been settled in the current plan for over a year.

Jennifer Prendergast and Chris DeFontes agreed with Mr. Reynolds' concerns.

Mr. Cadime asked if the group decision would be to move forward with the Aetna plan as it is and then revisit options for the January renewal.



Mr. Reynolds sought clarification on whether the \$80 per member per month increase would be definite or revisited later based on the group's performance.

Mr. Flattery responded that he was trying to prevent the rate increase from being implemented. He persistently questioned it, as the official announcement was expected by month's end. Despite attempts to find a last-minute solution, Aetna has dismissed his arguments, repeatedly insisting the increase would proceed. Even a call to Aetna's vice president was unproductive. Patrick concluded that the decision was likely final.

Jennifer Prendergast expressed disappointment in Aetna's shift in behavior, noting that while they were initially very helpful and accommodating during the transition, even contacting retirees, their attitude has since changed significantly.

Mr. Reynolds suggested discussing the use of the trust fund to cover the additional Aetna plan expenses, acknowledging it might be complex. He mentioned the town's budget constraints and timeline, noting they have been working with the available information for months. While requesting additional funds is possible, the town faces financial challenges with limited resources. He stressed that increasing the health insurance budget is necessary, but this unexpected change would lead to cuts in other areas due to budget constraints.

Mr. Cadime asked Patrick if \$500,000 would fully cover the \$80 increase.

Mr. Flattery replied that covering the Aetna plan would cost about \$490,000. Using trust fund dollars for the fully insured Aetna plan requires issuing an internal invoice of \$424, with manual adjustments needed for individual units. This process is more cumbersome than a self-funded product, where claims are paid directly, allowing for billing and payment adjustments without affecting invoices. If they choose to proceed with the Aetna plan, they must determine the coverage amount to adjust future invoices.

Jim Hartnett sought clarification on the allocation of trust fund dollars. \$1M was put at risk for the non-Medicare budget, only to be utilized if the claims exceed the projections without the dollars at risk. However, if SMHG voted to approve subsidizing the Aetna re-rating, the \$500,000 would need to be used as a fully-insured product.

Mr. Hartnett asked if the \$400,000-\$500,000 could be considered a stopgap and questioned if it could be expected to decrease next year or if the group would continue facing the \$80 increase.

Mr. Flattery speculated that the Aetna renewal would be much higher than the current rate due to market conditions and CVS Health's financial situation. He noted that Aetna's premiums had been unusually low because of a rate guarantee from the Massachusetts Strategic Health Group. Recent quotes for new groups joining Aetna were in the high \$400s to \$500s, indicating a significant increase. Patrick mentioned that the current setup was temporary, with a larger discussion on the future of Medicare products expected later, anticipating another substantial Aetna price hike for January 1st. However, he stressed that this was speculative.

Mr. Hartnett asked if the group might leave Aetna in a year or two. Mr. Flattery said it was possible, depending on market options. He mentioned meeting with carriers to understand their pricing as they prepare pricing for CMS, which would help in making informed decisions. He noted that even if Aetna's rates increased, they might still be cheaper than alternatives, so staying with Aetna could be an option. However, he predicted rates would rise regardless of the carrier chosen.



Mr. Reynolds wanted to assess interest in potentially returning to Medex if Aetna's rates stayed competitive with Medex. He stressed the need for a long lead time and an education campaign for retirees if transitioning back to Medex, suggesting a move for January of the following year with ample notice. He was hesitant to make a quick change but acknowledged it might be necessary due to market conditions. He also expressed concern about spending \$500,000 versus taking a risk with the Medex plan, given the trust fund's strong performance.

Mr. Cadime agreed with the discussion and echoed Jennifer's concerns about Aetna's misleading behavior. He noted that frequent plan changes negatively affected retirees. He proposed committing \$500,000 to cover the \$80 increase and reassessing the situation for the January 1st renewal, allowing more time for necessary adjustments.

The group agreed. Chris DeFontes added that RetireeFirst should be part of the January transition plan if the decision is made to move all members back to Medex.

Mr. Flattery advised he would share this with RetireeFirst and keep them updated.

Paul Reynolds made a motion to utilize \$500,000 worth of trust fund dollars to defray the \$80 increase for the Aetna Plan. Jennifer Prendergast seconded the motion. There was a roll call vote by Ms. Dominguez.

Motion

Dighton	Yes
Norton	Yes
Rehoboth	Yes
Seekonk	Yes
SCEC	Yes
Westport	Yes

The motion unanimously passed.

Discussion and Possible Vote on FY26 Dental and Vision

Taylor updated on the voluntary vision and dental bids, stating that final offers from carriers were received. He recommended renewing the dental plan with Altus as it is, as network disruption reports showed 99% coverage with both Altus and Blue Cross, and out-of-network expenses reimbursed at 90%. Renewing with Altus would minimize employee disruption and reduce administrative burden.

Ms. Gil added that Blue Cross might offer administrative credit, as discussed in a prior meeting, due to SMHG providing Gallagher the opportunity to market their pharmacy. She mentioned that if a carve-out pharmacy arrangement with Blue Cross were to be implemented by September 1st, it would mitigate the administrative decrease. While the outcome was still uncertain, they did not believe the potential administrative decrease was significant enough to justify moving everyone to Blue Cross.

Ms. Gil noted that Blue Cross is offering an administrative credit if awarded the dental and vision. However, if a carve-out pharmacy arrangement were implemented for September 1st, the administrative credit would no longer be in place. Gallagher felt the administrative decrease and risk it would no longer be in play in coming months was not significant enough to warrant switching everyone to Blue Cross



Mr. Whitcomb presented the two dental options and compared them to voluntary vision plans. He recommended switching vision coverage from EyeMed to Altus. He explained that Altus would save employees money while maintaining the existing plan design and offering additional benefits, such as more options for purchasing lenses and glasses. He also highlighted the administrative advantages of moving vision coverage to Altus, such as having a single point of contact and invoice for both dental and vision, along with a unified portal for updates and changes. Mr. Whitcomb emphasized the administrative streamlining this would provide. He mentioned that Altus could offer two voluntary lines of coverage, provide strong coverage to employees at a lower cost, and include multi-year rate guarantees.

Mr. Whitcomb compared the two dental options and voluntary vision plan, recommending a switch from EyeMed to Altus for vision coverage. He explained that Altus would save employees money while maintaining the current plan design and offering more options for lenses and glasses. He highlighted the administrative benefits of consolidating dental and vision coverage with Altus, such as a single point of contact, unified invoicing, and a shared portal for updates. Mr. Whitcomb emphasized the streamlined administration this would provide.

The Gallagher team recommended renewing the dental plan with Altus and switching vision coverage from EyeMed to Altus for the 2025 renewal. This would consolidate administrative tasks and reduce employee costs.

Sheila Kaye asked Taylor to confirm that he had mentioned a rate guarantee.

Mr. Whitcomb confirmed that the dental plan has a two-year rate guarantee, and the vision plan offers a four-year rate guarantee with Altus. Initially, Altus proposed a 6% to 7% increase, but Gallagher negotiated it down to a flat renewal due to Altus' long-standing relationship with SMHG.

Mr. Cadime asked whether the EyeMed and Altus networks were similar.

Mr. Whitcomb stated that Altus is comparable to EyeMed in terms of provider numbers and offers additional stores and brands for purchasing glasses.

Ms. Gil mentioned that the group would gain access to stores like Walmart, Costco, and Visionworks.

Mr. Reynolds inquired whether members would receive a single card for both vision and dental benefits or separate cards for each.

Mr. Whitcomb said that, per his discussions with Altus members, they would likely receive a single card, but he would confirm and update the group.

Michael Yunits made a motion to switch to Altus for both dental and vision coverage. Jim Hartnett seconded the motion. There was a roll call vote by Ms. Dominguez.

Motion

Dighton	Yes
Norton	Yes
Rehoboth	Yes
Seekonk	Yes
SCEC	Yes
Westport	Yes

The motion unanimously passed.

Mr. Whitcomb concluded by stating that he would follow up with Altus to initiate the process. Following that, his plan was to reach out to each town individually for one-on-one discussions. He emphasized that the goal was to ensure a smooth transition for all employees and to provide everyone with the necessary information.

Mr. Whitcomb said he would follow up with Altus to initiate the renewal and transition process, as his aim was to ensure a smooth transition for employees and provide all necessary information.

Mr. Reynolds asked about the upcoming open enrollment, specifically if there would be an update on the transition from EyeMed to Altus and whether it would be automatic or require re-enrollment. He also inquired about when access to the vision portion of the Altus enrollment portal would be available.

Taylor explained that transitioning employees from EyeMed to Altus automatically was possible.

Marianna noted that Gallagher would provide Altus the current EyeMed census to upload, so entities would only need to input new enrollments, terminations, and dependent changes.

Treasurer's Report

Richard Bienvenue presented the Treasurer's report for the period ending January 31, 2025. He noted a slight increase in claims costs during a routine month, with current year earnings showing a small loss of \$72,000, essentially breaking even compared to a \$100,000 surplus the previous month. He highlighted cash and investments totaling approximately \$4,172,000. The negative "member premiums receivable" was due to some members paying in advance, offset by a late payment from one group, amounting to about \$270,000 receivable as of January 31st. If this were paid at the start of the month, the total on hand would be around \$4.4 million, matching the group's monthly warrant. He emphasized the tight cash flow and the need for timely payments, planning to work with Marianna to improve this.

Mr. Bienvenue stressed the importance of maintaining \$9.7 million in investments as a strong asset. He described his process of emailing the chair for confirmation before transferring funds from investments to the bank when needed, otherwise keeping them fully invested. He noted the warrant was typically around \$4 million, but was lower this month due to \$1.2 million in Rx rebates receivable, estimated at \$300,000 per month from October through January. Lastly, he highlighted the \$391,000 in investment income from the investment pool, stressing its crucial role in supporting the trust fund balance and offsetting costs.

Abacus Good Health Gateway Diabetes Care Program Review

Tara Cote, the new account manager for Abacus, introduced herself and the Good Health Gateway Diabetes Care Rewards program. She stated that the presentation would cover engagement and utilization for the past program year, January 1 to December 31, 2024, and noted they are in year three of the program. She then introduced Jeremy Doak, Abacus's Vice President of Sales and Marketing.

Mr. Doak reminded SMHG that the focus on diabetes was due to high claims and plan expenses, aiming to reduce costs by improving participants' health. The program encourages members to visit their doctors for care to prevent costly hospitalizations, which nationally cost \$33,000 to \$34,000 for diabetic members. It incentivizes

members with a zero-dollar copay waiver on covered diabetes medications and supplies, attracting high-risk members.

Tara shared member engagement, noting 230 health plan participants were eligible for the program, with 58 enrolled through December 31, 2024, representing 25% of the eligible group. Of these, 23 met all program requirements at least once in the past year, qualifying for a \$0 copay on diabetes medications and supplies, reflecting a 40% adherence rate. The program gained 11 new registrants last year, indicating growth, though Tara identified enrollment as an area for improvement. Employees showed higher participation than spouses and dependents, likely due to direct access to information from employers. To boost enrollment, targeted promotions continue, including a Valentine's Day mailing aimed at spouses and dependents.

Tara compared the group's performance to other municipal accounts, noting a 25% enrollment rate, slightly behind Abacus's 29% book of business but above the national average of 16% (RAND study). Their adherence rate was 33% as of December 31, 2024, close to Abacus's 35%. She highlighted the benefit of waived copays for diabetes medications, with 385 prescriptions filled, saving \$9,764 for members. The program targeted high-risk, insulin-dependent individuals, achieving nearly 50% enrollment in this group, which often has complex health needs. Tara reviewed the program's ROI, with SMHG incurring \$56,070 in fees and \$9,764 in member incentives. Using the American Diabetes Association's cost figure of \$19,736 per diabetic member annually for 230 eligible members, the total annual cost was \$4.5 million, leading to estimated savings of \$154,570 and a 2.8 ROI. She concluded by noting \$65,885 in brand rebates have been returned to the group.

Tara discussed promotions, multi-channel utilization, and member satisfaction survey results. She then addressed open enrollment, outlining plans to provide on-site support in each community as requested, including setting up tables at benefits or wellness fairs with promotional items and enrollment assistance. She also offered updated flyers for new hire packets.

Discussion and Possible Vote on Excluding Non-Diabetic GLP-1s and Adopting the Abacus Healthy Weight Program, Both Effective 7/1/25

Ms. Gil stated that Blue Cross could now implement a rider to exclude non-diabetic GLP-1s starting July 1, 2025, if SMHG opts for it. She noted that 4.7% of members spent about \$900,000 on these medications in the last six months, making up 17.3% of pharmacy expenses. She suggested excluding these medications and implementing the Abacus weight loss program, which offers up to 12 medication fills. Some individuals might achieve weight loss goals sooner and stop medications earlier with guidance from their physician and the Abacus program. She highlighted that savings would begin in fiscal year 2027, potentially reducing spending by up to \$2 million, as no savings in the first year due to ongoing medication costs. The Abacus program costs \$90 per participant monthly, plus a \$250 one-time fee for the scale, but SMHG would receive medication rebates, effectively covering the program's cost.

Ms. Gil recommended adopting the Abacus program as a more strategic alternative to abruptly stopping medication access. The program would provide coaching and set requirements for members to continue medication access, unlike the current system, which allows access with prior authorization and a doctor's prescription without specific benchmarks or goals.

Mr. Doak explained that the 12-fill limit is based on research showing the optimal benefit timeline for these medications, as the body's response diminishes over time, leading to a weight loss plateau. Members typically reach their goals and plateau around month 10, after which they are safely transitioned off the medication. He contrasted this with a "cold turkey" approach, emphasizing that members would be safely transitioned off before



entering the "keep it off" phase. The 24-month program includes a second 12 months as an "insurance policy" against weight regain. He highlighted that the additional \$90 per month is a worthwhile investment compared to the \$1,000 monthly medication cost, ensuring effective and safe medication use while reducing the risk of harmful yo-yo dieting.

Michael Yunits made a motion to implement a rider to exclude non-diabetic GLP-1s and establish a weight loss management program through Abacus. Paul Reynolds seconded the motion. There was a roll call vote by Ms. Dominguez.

Motion

Dighton	Yes
Norton	Yes
Rehoboth	Yes
Seekonk	Yes
SCEC	Yes
Westport	No

The motion passed.

A discussion followed to confirm that changes would occur on July 1, 2025, with communication materials distributed. Once the program is live, the Abacus team will start outreach to individuals identified through claims.

Next Meeting Date

The next meeting will be held on Tuesday, April 29th, 2025, at 9:30 am.

Paul Reynolds made a motion to adjourn the meeting. Michael Yunits seconded the motion. The meeting was adjourned by unanimous consent at 10:34 a.m.

Motion

*Submitted by
Darlenys Dominguez
Gallagher Benefit Services*