



Southeastern Massachusetts Health Group (SMHG) Board Meeting

Wednesday, May 28th, 2025
Virtual Meeting / Remote Participation / Meeting Recorded

Meeting Minutes

Board Members in Attendance:

Michael Yunits, Board Vice Chair
Ralph Vitacco
Kelly Usher
Deborah Arruda
Jennifer Prendergast
Chris Defontes
Jim Hartnett

Norton
Dighton
Raynham
Rehoboth
SCEC
Seekonk
Westport

Guests in Attendance:

Jennifer Sroka
Susan Brayton
Rich Bienvenue
Michael Breen
Stephanie Davison
John Hardy
Darlenys Dominguez
Joy Layden
Marianna Gil
Sheila Kaye

Norton
Westport
Treasurer
Blue Cross Blue Shield
Blue Cross Blue Shield
Arthur J. Gallagher
Arthur J. Gallagher
Arthur J. Gallagher
Arthur J. Gallagher
Arthur J. Gallagher

Michael Yunits, Board Vice Chair, began the meeting at 9:36 am.

Vote to Approve Meeting Minutes of April 29th, 2025

Jim Hartnett made a motion to approve the meeting minutes of April 29th, 2025. Chris Defontes seconded the motion. There was a roll call vote by Ms. Dominguez.

Motion

| | |
|----------|-----|
| Norton | Yes |
| Raynham | Yes |
| Rehoboth | Yes |
| Seekonk | Yes |
| SCEC | Yes |
| Westport | Yes |

The motion passed.

FY26 Stop Loss Discussion and Possible Vote to Approve Stop Loss Policy

John Hardy, the Gallagher regional stop loss lead, explained the stop-loss insurance renewal process and market conditions. He reviewed that Gallagher had put the stop loss out to bid with various carriers, resulting in the most favorable terms being a renewal offer from Gerber Life (RMTS) with a 15% increase in the stop loss premium. Despite the increase, John emphasized that the stop loss market is currently challenging, with firm pricing and selective markets due to an increase in high-cost claimants, particularly in cancer treatments and expensive gene therapies.

John discussed the competitive nature of the renewal offer from Gerber Life, noting that the stop loss market has been difficult, with many carriers being unresponsive or unable to compete with the renewal terms. He mentioned that Blue Cross of Massachusetts offered a proposal with a nearly 26% rate increase, indicating a more aggressive stance in bringing stop loss back in-house.

He detailed the current contract terms, which include a \$275,000 deductible with a 12/24 contract basis. John explained the implications of increasing the deductible to \$300,000 or \$325,000, noting that while it could result in premium savings, it would also increase the risk. He advised against taking this gamble, given the current data and claims in the pipeline. John concluded by recommending accepting the renewal with Gerber Life, considering the competitive nature of the offer and the current market conditions.

Marianna Gil noted that during the underwriting process for FY26, which included the addition of three new entities for July 1st, a reinsurance placeholder was set at a 35% increase. This decision was based on claimant activity from the previous policy year and ongoing developments in the current policy year. She also recommended accepting the Gerber renewal with a 15% increase, highlighting that it would include greater budgetary flexibility in case claims were higher than projected.

Kelly Usher made a motion to approve the Gerber renewal. Jennifer Prendergast seconded the motion. There was a roll call vote by Ms. Dominguez.

| |
|--------|
| Motion |
|--------|

| | |
|----------|-----|
| Dighton | Yes |
| Norton | Yes |
| Raynham | Yes |
| Rehoboth | Yes |
| Seekonk | Yes |
| SCEC | Yes |
| Westport | Yes |

The motion passed.

Treasurer’s Report

Rich mentioned that operationally, things have been unremarkable for the group. He presented the financial statements through March 31st, highlighting that rebates receivable were approximately \$2 million. He anticipated some of that amount would be received by the time he prepared the April report, but noted that the receivables continue to be significant. He also mentioned he would monitor and potentially adjust the rebate figures in the future based on Gallagher’s input, especially concerning weight loss drugs being eliminated.

Rich also addressed the liabilities section, noting that he rounded up the figures to maintain a solid basis for incurred but not reported claims, which have increased slightly. He recalled an audit adjustment from the previous

year that lowered the amount based on actual runout and explained that the current estimate reflects higher claims experience. He plans to reassess this after the fiscal year ends, using actual data. Rich informed the group that the audit process has begun and he is optimistic about receiving the audit results soon.

The financial overview revealed a year-to-date loss of just over \$700,000. The income statement showed a break-even point when considering claims and claims administration against premiums paid. However, program costs, primarily reinsurance, resulted in an operating income loss of \$1.2 million. Despite this, the investment pool with Bartholomew generates income that helps mitigate the loss, reducing it to approximately \$700,000. Rich noted that the reinsurance results are only updated through February, and he expects the reinsurance receivable to be a couple of hundred thousand dollars higher than currently recorded. Overall, he expressed a positive outlook for the group's financial position as the year-end approaches.

Financial Report

Marianna Gil presented the financial report through April 2025, highlighting a significant pharmacy rebate received in April, which amounted to over \$1,000,000. This rebate helped reduce the deficit from \$1.1 million to just under \$550,000. Despite high pharmacy claims, the financial outlook aligns with fiscal year projections, with \$1 million at risk. Marianna emphasized the importance of continuing to monitor high-cost claimants as May and June progress as intend to increase with more incurred months.

Marianna reviewed the Medex summary, which reported a small increase in enrollment. Interest in the Medex plan remains strong for newly eligible retirees. The plan is trending well with an 81.7% loss ratio, including some run-out. She mentioned that Medicare marketing efforts have already begun, especially after changes with Aetna for July 1st, to prepare for January 1st. The goal is to potentially consolidate into one plan, whether an Advantage plan or PDP plan, and to include ancillary benefits like hearing aids, vision, and dental.

Regarding large claimant activity, Marianna noted an increase compared to last month, with three claimants exceeding the \$275,000 specific threshold, now totaling \$527,000. She also pointed out high-cost claimants nearing the 50% level, with one cancer-related claim rising from \$255,000 to \$270,000, expected to surpass the specific threshold. Cancer remains the most prevalent diagnosis among the population. For the prior policy year, there was no activity in April for the nine claimants, with about \$15,000 left in pending reimbursement to the group.

Discussion and Possible Vote on Amendment to Joint Purchase Agreement to Require Payment via ACH Effective FY26

Marianna began by saying that this topic was based on a discussion that began at the previous month's board meeting, where entities were given more time to understand certain mechanisms. She inquired if there was any feedback from these entities and whether they felt comfortable proceeding with the changes for the July invoices, especially after working with Rich.

Kelly Usher mentioned that she had consulted with their treasurer collector, who informed her that they currently do not process any ACH payments. Kelly expressed the need to explore what setting up ACH payments would entail, as she had missed the previous month's meeting.



Rich Bienvenue responded by noting that aside from South Coast Educational, no other members had reached out to him about the ACH payments. He explained that setting up ACH is straightforward, involving obtaining the account and bank routing numbers from him and coordinating with the bank. While it changes the internal process of how the treasurer's office pays bills, it is not difficult. Rich suggested that if members still needed time to consider it, Gallagher could start by including information on the invoices to facilitate the transition without immediately amending the process.

Michael Yunits advised everyone to inform their treasurers about the intent to require ACH payments and encouraged them to work with Marianna and Rich if there were any issues.

BCBS Wellness Credits Updates

Stephanie Davison provided an update on the status of wellness credits, noting that the current credit cycle ends on June 30th, with new plan year occurring on July 1st. She highlighted that there is \$25,000 in annual credits provided, which are mostly used for the AHealthyMe platform. This includes covering monthly fees and allowing participants to redeem points for \$50 gift cards. Stephanie emphasized the importance of reminding participants to redeem their earned gift cards and mentioned that she would send out a reminder email to facilitate this process. She also discussed the use of credits to incentivize quarterly challenges on the platform, noting the recent Q2 challenge, "Go the Distance," which had 52 participants and 26 winners.

Marianna Gil indicated that she had no leftover gift cards and requested a list and 26 gift cards to be ordered for the challenge winners.

Stephanie Davison agreed to arrange the gift cards and continued by discussing the \$1,000 wellness credits allocated to each town for various initiatives. She encouraged towns to utilize these credits for activities such as webinars, nutrition education, and in-person services like yoga and massage. Stephanie noted that some towns, like Seekonk and Rehoboth, have already taken advantage of these credits. She urged towns that have not yet used their credits to do so, despite the tight timeline, and mentioned that the vendor, Wellness Concept, typically requires a six-week lead time.

Stephanie proposed discussing the future use of the \$1,000 credits in the next meeting, considering whether it remains a viable option for all towns. For towns that do not use their credits, she suggested reallocating the leftover funds to purchase \$50 gift card vouchers for quarterly challenge participants, as these vouchers do not expire.

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

Marianna discussed the formulary changes that occur throughout the year, specifically highlighting the impact on Humira for SMHG members. She noted that 25 members across the population are affected by these changes for July 1st, which involve medications either no longer being covered or moving to different tiers. Of these, nine members are specifically impacted by the removal of Humira from the formulary starting July 1st, due to the availability of biosimilars. Marianna emphasized the significant cost savings for SMHG, given Humira's average cost of \$5,000 to \$7,000.



Secondly, Marianna announced that Michael is retiring, marking this meeting as his last. She extended a heartfelt thank you for his service to SMHG as the vice chair, acknowledging his contributions and dedication to SMHG.

The group will be seeking a new Board Vice Chair, and individuals are encouraged to reach out to Marianna or Shawn if interested.

Next Meeting Date

A discussion took place that the next meeting date would be scheduled at another time.

Jim Hartnett made a motion to adjourn the meeting. Chris Defontes seconded the motion. The meeting was adjourned by unanimous consent at 10:18 a.m.

Motion

*Submitted by
Darlenys Dominguez
Gallagher Benefit Services*