



Southeastern Massachusetts Health Group (SMHG) Board Meeting

Wednesday, June 25th, 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
Lisa Cabral	Rehoboth
Jennifer Prendergast	SCEC
Jim Hartnett	Westport

Guests in Attendance:

Ralph Vitacco	Dighton
Jennifer Sroka	Norton
Jennifer Argo	Seekonk
Rich Bienvenue	Treasurer
Michael Breen	Blue Cross Blue Shield
Stephanie Davison	Blue Cross Blue Shield
Stephen Fay	Blue Cross Blue Shield
Andrew Powell	AFT-Massachusetts
Victoria Khavulya	PBIRx
David Sirowich	PBIRx
Marc Shapiro	PBIRx
Marianna Gil	Arthur J. Gallagher
Joy Layden	Arthur J. Gallagher

Shawn Cadime, Board Chair, began the meeting at 9:31 am. Joy Layden took the attendance roll. Member units present were Dighton, Norton, Rehoboth, Seekonk, and Westport. SCEC joined the meeting after the attendance roll had been taken.

Vote to Approve Meeting Minutes of May 28th, 2025

Jim Hartnett made a motion to approve the meeting minutes of May 28th, 2025. Lisa Cabral seconded the motion. There was a roll call vote by Ms. Layden.

Motion

Dighton	Yes
Norton	Yes
Rehoboth	Yes
Seekonk	Yes
Westport	Yes

The motion passed.

Treasurer's Report

Rich Bienvenue provided an update on the group's financial status. He mentioned that all ledgers have been updated to the current date, and the results as of April 30th were presented. The earnings for the year show a loss of \$857,000, which aligns with the rate setting for the year. The group's equity stands at \$11.6 million, indicating a healthy surplus. However, Rich highlighted a potential issue with cash flow, noting that it was tight at the beginning of June, necessitating a scheduled wire transfer in anticipation of funds clearing the bank account. He expressed concern about the cash flow situation, especially with new members joining, and mentioned the possibility of drawing from the investment pool if tight cash flow persists. Rich emphasized the importance of timely payments, urging members to make payments at the beginning of the month. He also mentioned his plans to follow up with the audit firm to ensure the audit progresses smoothly. Additionally, Rich pointed out that the monthly report includes all group transactions, allowing members to review payments and bank reconciliations. He concluded by stating his focus on preparing for the year-end and opening the books for the next fiscal year, reiterating the main issue of cash flow and payment timing.

Paul Reynolds noted that the July invoices included ACH instructions and asked if able to remit by wire.

Rich said he would check with Rockland Trust and reach out to Paul if any difference from the ACH instructions.

Paul inquired about the possibility of receiving invoices a few days earlier, citing that receiving invoices at the end of the month often results in the warrant being signed a few days into the new month, which causes delays in processing.

Marianna Gil explained the constraints faced in releasing invoices earlier, as the timing is dependent on when Aetna and Blue Cross release the data. The Gallagher team strives to process and distribute invoices as quickly as possible, typically within 24 hours of receiving the last data set.

Financial Report

Marianna Gil presented the financial monitoring report through May 31st, highlighting a challenging month with higher-than-usual medical claims totaling \$2.4 million, compared to the average of \$1.9 million this fiscal year. Pharmacy expenses continue to be average at \$976,000. The primary driver of increased costs was large claimants, particularly those at the 50% level. Despite these challenges, several cost-mitigation steps have been implemented, including lower-than-budgeted stop-loss premiums for FY26 and transitioning so far 20 retirees from the active plan to Medicare, reducing active plan risk. Additionally, programs like the Abacus diabetes and health weight programs aim to manage costs, particularly with non-diabetic GLP medications removed as of July 1st. Rx rebates, which have increased significantly, are continuing to help offset costs. Two more pharmacy rebates for FY25 are expected in July and September. The group is currently running higher than budgeted, with \$1.5 million over budget compared to the \$1 million put at risk.

Marianna also discussed the Medex plan, noting a high month but overall positive performance with increased enrollment. The town of Wrentham is set to join the plan on July 1st, with 98% of their retirees enrolling. A Medicare RFP has been released, with results expected by August, aiming to consolidate and optimize subscriber enrollment count, including keeping ancillary benefits like hearing aids, dental, vision, and fitness reimbursements.

The report highlighted an increase in high-cost claimants, now totaling seven over the specific of \$275,000, with \$700,000 due in reimbursements. Paid high-cost claims, including over the 50% level, reached \$1.6 million for May. Cancer remains a significant driver of claims, prompting the exploration of preventative programs like on-site breast cancer screenings. Lastly, a small amount of prior stop-loss period claims came in for May, and Gallagher is doing final submissions to close out the policy year.

BCBS Wellness Credits Updates

Stephanie Davison provided an update on the utilization of wellness credits, reminding attendees that the \$25,000 received last July 1st must be used by the end of June. She highlighted that each member unit was allocated \$1,000 to spend, and shared how these funds were utilized to inspire ideas for the next year. The wellness platform, AHealthyMe, incurs a monthly fee, and includes a gift card redemption center where participants can earn a \$50 gift card by accumulating 150 points. Stephanie noted an increase in gift card redemptions in May, indicating higher engagement with the platform. Six out of seven entities utilized their \$1,000 for various activities, such as health fairs, massage chairs, gift card vouchers, webinars, and fitness equipment. She encouraged member units to consider incentivizing webinar attendance using their allocated funds. Stephanie also mentioned the quarterly challenges on the platform, where participants receive a \$50 gift card upon completion. Stephanie reiterated that there is still time to use the \$1,000 for the remaining entity, suggesting gift card vouchers as a practical option. She explained that the only remaining cost to hit the credit budget would be the AHealthyMe platform costs for June, which would appear in July. With an estimated leftover of just under \$3,000, she proposed using the remaining credits to purchase \$50 gift card vouchers for next year's challenges, ensuring no funds are lost.

The group consensus was to move forward with utilizing the remaining funds for gift card purchases. Dighton was to follow up after the call to utilize their \$1,000 allocation.

Stephanie Davison shared that the three additional entities joining on July 1st will be factored into the budget for the upcoming year. She confirmed that the \$25,000 wellness credits will be renewed on July 1st, encouraging attendees to start planning how to utilize their \$1,000 allocations. Stephanie emphasized the variety of options available for spending, such as health fairs and in-person events, to engage employees and support their health.

Review of Pharmacy RFP and Possible Vote to Award Business

David Sirowich, Executive Vice President of PBIRx, introduced himself and explained the role of PBIRx as the pharmacy benefit consulting company retained by SMHG to conduct a comprehensive RFP analysis on their pharmacy benefit plan. He provided an overview of the current contract with Blue Cross Blue Shield of Massachusetts, which utilizes CVS Health as their pharmacy benefit manager. Dave outlined the task of evaluating the CVS contract, renewal options, and exploring alternative options in the marketplace. The analysis involved reaching out to five pharmacy benefit managers, including Blue Cross Blue Shield of Massachusetts. Two declined to bid, while two others provided competitive quotes.

Marianna provided context on the timing of the RFP process, explaining that it was conducted later than usual due to initial considerations to exclude non-diabetic GLP-1 medications for weight loss, which proved unfeasible by BCBSMA. She noted that Blue Cross was able to ultimately work with SMHG to exclude these medications for the new plan year, but was still a good exercise to conduct from a due diligence standpoint.



Dave discussed the process of analyzing data related to the PBMs. Initially, the team removed non-diabetic GLP-1s for weight loss from the data file, as these will be covered through the Abacus plan, resulting in a significant spend reduction of close to \$1,000,000. David highlighted the improved pricing offered by Blue Cross Blue Shield for the next year, which includes a 4.6% reduction, amounting to approximately \$340,000 in savings through rebates, better discounts, and dispensing fees. Additionally, Blue Cross Blue Shield proposed a two-year contract option that could save about \$250,000 over two years, with an estimated \$120,000 savings in the first year.

David then addressed the cost implications of Humira, a medication that has been the most expensive for several years, and its generic biosimilar alternatives. Humira costs around \$6,500, whereas the biosimilar costs between \$1,000 and \$1,250. Effective October 1st, Stelara will be excluded from coverage by Blue Cross Blue , although rebates are currently paid on it. If a biosimilar is dispensed for Stelara, there may be a clawback for the rebates.

The discussion moved to external PBMs, where PBM 1 showed the greatest savings overall, with discounts and rebates totaling about 19% or \$1.3 million. PBM 1 provides coverage for Humira and offers higher rebates, which are factored into the analysis. Additionally, significant savings are possible through foundational assistance programs, which work with foundations, benefactor programs, and manufacturers to cover high-cost medications at no cost to the plan, with estimated savings of over \$1,000,000 in addition to the \$1.3 million. The process involves identifying members and their total household income, as income restrictions exist to be eligible.

PBM 2 offered savings of about 2% or \$140,000, with a different pricing model that covers the Humira biosimilar at a lower plan cost. They do not implement clawbacks for non-biosimilars dispensed with Stelara claims. Both PBMs provide savings through foundational assistance, with PBM 2 offering \$1,000,000 in savings if Blue Cross Blue Shield or CVS Health is left.

David emphasized that changing PBMs would not affect access to doctors, hospitals, or pharmacies, although each PBM may have a slightly different formulary and exclusions. If Blue Cross Blue Shield is carved out for an effective date of September 1st, the fees incurred by SMHG would be approximately \$540,000, including lost rebates for July and August, integration fees, and increased administrative fees.

He concluded with a detailed analysis of the current contract costs, biosimilar impacts, rebate revenues, and potential savings with two different carve-out PBM options. With a one-year BCBS deal, the costs are less due to improved pricing at approximately 4.6% savings compared to the current contract. He also reviewed Rx disruption based on medications and required tier changes based on carve-out PBM formularies. David suggested considering foundational assistance programs and exploring PBM options further, with the possibility of starting an RFP early in November for more clarity on biosimilar impacts, GLP-1 exclusions, and new entities joining. Currently, BCBS does not allow foundational assistance programs.

Marianna expressed agreement with PBIRx's recommendation to adopt a one-year contract with Blue Cross Blue Shield and reissue a RFP next year. She emphasized that by conducting the analysis in late fall for the upcoming July 1st, the utilization data from three new member units joining SMHG would be included, potentially altering the analysis and providing a clearer picture of the situation based on the changes effective July 1st.

Marianna highlighted the impact of Humira being excluded by Blue Cross starting July 1st, affecting approximately nine members. She noted that once members change their medication, they typically do not revert to previous medications, which might mitigate some of the projected savings related to this exclusion. She acknowledged the challenges of implementing a new PBM for September 1st, including member disruption and communication,



especially with the addition of three new member units. Despite the attractive savings, she suggested that this might be a substantial undertaking. Marianna also expressed hope that Blue Cross would allow the introduction of the foundational assistance program on a voluntary basis.

Michael Yuntis made a motion to approve a one-year PBM contract through BCBS effective July 1st, 2025. Jim Hartnett seconded the motion. There was a roll call vote by Ms. Layden.

Motion

Dighton	Yes
Norton	Yes
Rehoboth	Yes
Seekonk	Yes
South Coast Educational Collaborative	Yes
Westport	Yes

The motion passed.

Billing Update

Marianna informed the group that all invoices were sent out on Monday, highlighting a change in the payment process. She emphasized the importance of noticing the email sent by Briana, which detailed that all invoices are now to be paid to SMHG. Historically, Aetna payments were made to MSHG, but despite still being under their umbrella plan, the trust is now subsidizing the current member units. To simplify the process and reduce the complexity, MSHG has agreed that everything to flow directly between SMHG and RetireeFirst. This adjustment aims to close the time gap in the payment process, given the extra payment layer as of July 1st. Additionally, Marianna noted that ACH information is included on the invoices, providing necessary details for member units that have not yet switched to ensure they have the information needed to proceed with payments.

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

Shawn thanked Michael Yuntis for serving as the SMHG Board Vice Chair and wished him the best in his upcoming retirement.

Next Meeting Date

The next meeting will be held on Wednesday, July 23rd, 2025, at 9:30 am.

Michael Yutnis made a motion to adjourn the meeting. Jim Hartnett seconded the motion. The meeting was adjourned by unanimous consent at 10:13 a.m.

Motion

*Submitted by
Marianna Gil
Gallagher Benefit Services*