



Southeastern Massachusetts Health Group (SMHG) Board Meeting

Thursday, September 25th, 2025
Virtual Meeting / Remote Participation / Meeting Recorded

Meeting Minutes

Board Members in Attendance:

Shawn Cadime, Board Chair	Seekonk
Paul Reynolds, Board Vice Chair	Dighton
Art Scott	CES
Mark Gould	Norton
Kelly Usher	Raynham
Lisa Cabral	Rehoboth
Jennifer Prendergast	SCEC
Daniel Haynes	Tri-County
Jim Hartnett	Westport
Gregory Enos	Wrentham

Guests in Attendance:

Suzanne Judson-Whitehouse	CES
Jennifer Sroka	Norton
Mickey Dargon	SCEC
Jenn Argo	Seekonk
Chris DeFontes	Seekonk
Stella Farias	Westport
Susan Brayton	Westport
Michael Breen	Blue Cross Blue Shield
Marc Shapiro	PBIRx
Rich Bienvenue	Treasuer
Danielle Chaplick	Hilb Group
Marianna Gil	Arthur J. Gallagher
Joy Layden	Arthur J. Gallagher
Patrick Flattery	Arthur J. Gallagher

Shawn Cadime, Board Chair, began the meeting at 9:32 am. Joy Layden took the attendance roll. Member units present were CES, Dighton, Norton, Raynham, Rehoboth, SCEC, Seekonk, Tri-County, Westport, and Wrentham.

Discussion and Potential Vote to Approve Meeting Minutes of August 21st, 2025

Jim Hartnett made a motion to approve the meeting minutes of August 21st, 2025. Paul Reynolds seconded the motion. There was a roll call vote by Ms. Layden.

Motion



CES	Yes
Dighton	Yes
Norton	Abstain
Raynham	Yes
Rehoboth	Yes
SCEC	Yes
Seekonk	Yes
Tri-County	Yes
Westport	Yes
Wrentham	Yes

The motion passed.

Treasurer’s Report

Rich Bienvenue reported that the ledger is up to date with data available through July 31st. The balance sheet for the first month reflects a positive outcome of \$342,000, though the income statement was not included as one month is not considered a credible timeframe for analysis. A restatement for June 30th was presented due to updated prescription rebate estimates, which were higher than anticipated, resulting in an additional \$227,000. This adjustment is reflected in the Rx rebates receivable column, with \$1.1 million received in July, positively impacting cash flow. While October’s sizable warrant of \$5 million was noted, it was confirmed that sufficient cash flow exists to process it, supported by timely payments and the Rx rebate. Cash flow may tighten in the second and third months of the quarter if claims are heavy, but consistent rebate receipts will help mitigate this. Payment updates were shared, highlighting improved timeliness with most entities paying earlier in the month, which is appreciated given the warrant payment schedule in the first week.

Financial Report

Marianna Gil noted that the fiscal year is off to a strong start, with performance better than the last two fiscal years after two months. A large rebate, attributed to FY25 but logged upon receipt, and early recoveries, along with the addition of three member units, have contributed to this positive position. While less than 60% of July’s paid claims were incurred in July, August more accurately reflects the current population with a significant increase to \$3.8 million in claims. The loss ratio stands at 82.8%, though it is not yet an accurate reflection of the fiscal year due to its early stage. Recoveries for large claimants for the prior policy year are beginning to slow as the run-out period progresses. Small-dollar claims and adjustments are expected as the stop-loss policy concludes and filings are finalized. No new high-cost claimants have occurred for the new fiscal year. The Medex plan, which saw a significant membership increase with Wretham’s July 1st enrollment, is at a 68% loss ratio.

Review Medicare RFP Results and Potential Vote for January 1st, 2026 Plan Offerings

Patrick Flattery provided an update on the Medicare renewal process, emphasizing the broader market context and specific options for SMHG. While there are minimal structural changes to Part D this year, higher-than-normal renewals are being driven by increased pharmacy claims and a rise in high-cost claims. SMHG currently offers the Aetna Medicare Advantage plan under the Mass Strategic umbrella, which had a rate cap agreement ending in 2025. Feedback on the Aetna plan led to the reintroduction of the Medex plan starting January 2025. Aetna’s

rates have increased significantly, with the 2024 rate at \$305, rising to \$424.19 by July 1st, 2025, while the Medex rate for 2025 is \$469.63.

To address the challenging renewal environment, early discussions began in May, including marketing efforts and collaboration with RetireeFirst coverage and vendor partners. Aetna provided two renewal options: the as-is MAPD plan at \$729.69 and an unbundled model, splitting medical and prescription drug coverage, reducing the rate to \$670.76. Additionally, SMHG's withdrawal from Mass Strategic is being contested, though Patrick assured the group that the legal challenge lacks merit and is being addressed. The team continues to work with Aetna, Mass Strategic, and NFP to resolve the issue. Further updates will follow as the renewal process progresses.

Shawn Cadime inquired why cost savings of approximately \$60 in the unbundled model.

Patrick explained that the cost savings in the unbundled model stem from CMS and HHS reimbursement structures, which favor stand-alone prescription drug plans due to risk scoring adjustments.

Despite delays caused by the final rule's late release, Gallagher partnered with RetireeFirst to release Medicare marketing in June, receiving bids from Aetna, Blue Cross Blue Shield of Massachusetts, Hartford, and United American. Several vendors, including Express Scripts and Humana, declined to quote due to lack of competitiveness. The renewal options include Aetna's unbundled model at \$670.76, Blue Cross's Medicare Advantage plan at \$458.25, and various Medicare Supplement plans ranging from \$245 to \$346.60. Drug plan options include Aetna's stand-alone plan at \$251.97 and three Blue Cross options ranging from \$265 to \$285.50. Gallagher recommended moving to Blue Cross self-insured with fixed costs of \$318.88 and a medical cost of \$211.08, resulting in a total plan cost of \$529.96, a 25% increase over Aetna and a 12.5% increase over the current Medex rate. Alternatively, a fully insured Blue Cross plan would cost \$540.69 15.13% increase, and United American with Aetna's drug plan would cost \$496.97 17.16% increase. Gallagher recommended the Blue Cross self-insured option.

Shawn inquired about the comfort level with the self-insured numbers, particularly in terms of risk mitigation compared to the fully insured option, acknowledging the potential for variability.

Patrick expressed confidence in the self-insured numbers but acknowledged some level of risk due to the imprecise underwriting this year. He noted the \$10 per head difference between self-insured and fully insured options, emphasizing that the fully insured option eliminates risk, while the self-insured option offers potential savings if claims run better than expected. Patrick recommended the self-insured option for its potential cost benefits.

Chris DeFontes expressed surprise at the potential transition back to Blue Cross, noting that members were moved to Aetna just two years ago. She asked if RetireeFirst would be involved in the transition.

Patrick confirmed that RetireeFirst would be part of the transition to Blue Cross. He explained that RetireeFirst has already been onboarded as a partner for Blue Cross, and the pricing provided includes their involvement. RetireeFirst will assist in the transition back to Medex.

Jim Hartnett inquired about the potential savings associated with adopting a self-insured plan, seeking clarity on the financial benefits.



Patrick explained that while it is challenging to guarantee specific savings, if the plan operates at 100% of the target, the estimated savings would be approximately \$10 per month per individual. With around 1,500 lives covered, this could translate to notable annual savings. However, Patrick emphasized that the decision ultimately depends on the group's preference for either pursuing these savings or paying the additional \$10 per month to avoid any associated risks.

Jennifer Prendergast sought clarification, asking if the plan was to offer only one option moving forward and whether this would require transitioning everyone back after having moved them a few years ago.

Patrick confirmed this, acknowledging that while it may not be ideal, the decision is driven by the trajectory of the Aetna rate.

Jennifer further questioned whether the Aetna rate increase was due to dissatisfaction with the group.

Patrick explained that while Aetna's frustration may have played a role, the 58% increase was consistent with broader market trends, with other accounts seeing similar or higher hikes. He attributed the increase to Aetna's financial struggles and underperformance by its parent company, CVS Health, noting that Aetna's challenges were not solely tied to their specific account.

Jennifer then questioned the lack of a long-term contract when they moved to Aetna, allowing for significant rate increases after the first year.

Patrick clarified that Medicare contracts are annual, and while there was an initial rate cap, this cap had expired. He explained that Aetna was now compensating for underfunding in prior years, leading to the substantial rate hike.

Marianna noted the board could consider utilizing trust dollars to subsidize the Medex plan, given its self-insured nature. She emphasized that this approach could be viable if the level of risk is deemed appropriate and aligns with the financial strategy.

Paul Reynolds noted the town's budgeting process, noting that while they build in some cushion, their budget is set for the fiscal year, ending in June. He highlighted the challenge of absorbing potential cost increases within the current fiscal year and suggested the possibility of subsidizing rates through the end of the fiscal year. This approach would allow time to adjust future budgets to account for rising rates.

Marianna noted that a \$30 per month decrease in the total rate would cost the group approximately \$500,000.

Art Scott expressed concern that a \$10 savings on the medical premium seems minimal compared to the potential risks, particularly for the population, given that claim fluctuations of 10% are not uncommon.

Shawn Cadime acknowledged the balance between risk and reward, noting that while lower medical claims could lead to significant savings, he agreed with Art Scott's point about the minimal \$10 difference between plans. He emphasized the importance of understanding coverage limits and rate exposure. Shawn also raised a question regarding the potential impact on those considering Aetna if the situation with MSHG continues to drag on.

Patrick explained that if the plan involves renewing with Aetna or transitioning to United American under the Aetna drug plan, the issue must first be resolved with Mass Strategic. However, if the decision is to move to Blue Cross,

Aetna cannot prevent Blue Cross from enrolling members. Patrick expressed confidence that the matter will be resolved soon, as progress is being made through ongoing discussions. Drawing on his Medicare background, he assured the group that safeguards are in place to ensure the process moves forward, even if it escalates into a legal dispute.

Shawn acknowledged Patrick's update and expressed no concern about the legalities, as he believes there is no legal basis for Aetna's position. However, he highlighted the potential for legal claims to become prolonged, sometimes lasting months or years. Shawn stressed the importance of ensuring that anyone considering the transition fully understands the potential implications.

Jim Hartnett made a motion to adopt Blue Cross Blue Shield fully insured Medex plan with the option of 25 PDP. Shawn Cadime seconded the motion. There was a roll call vote by Ms. Layden.

Motion

CES	Abstain
Dighton	Yes
Norton	Yes
Raynham	Yes
Rehoboth	Yes
SCEC	No
Seekonk	Yes
Tri-County	Yes
Westport	Yes
Wrentham	Yes

The motion passed.

Review Foundational Assistance Program Opportunity and Possible Vote to Adopt Program

Marc Shapiro from PBIRx provided an overview of the Specialty Drug Alternate Funding Program. He explained that specialty drugs account for approximately 2% of the group's spend, equating to roughly \$3.5 million in 2024. The program leverages manufacturer-funded Patient Assistance Programs PAPs to fully cover the cost of specialty drugs, reducing the financial burden on the group. The vendor for this program is Impacts RX, which identifies eligible members based on household income, size, and other criteria. Members who agree to participate receive the drugs at a \$0 co-pay, while the plan incurs an administrative fee capped at \$7,000 per drug.

Marc detailed the program's retrospective approach, where claims from the prior month are reviewed to identify opportunities. If members choose not to participate, the drugs are processed under the regular plan design with standard co-pays. He explained the fee structure, which is 36% of the drug cost, capped at \$7,000 per drug. For example, a \$10,000 drug would incur a \$3,600 fee, while a \$20,000 drug would be capped at \$7,000.

Marc also compared this program to a previously presented mandatory program, noting that the current program is voluntary and focuses solely on fully funded drugs. He shared an analysis based on 2024 claims, which showed a net plan cost of \$1.3 million after factoring in rebates, fees, and assistance, resulting in \$1 million in plan savings. Under the current program, estimated savings would be approximately \$300,000 for the plan and \$150,000 in member co-pay savings. He highlighted that certain drugs, such as limited distribution drugs, may not qualify for full funding due to manufacturer restrictions. Additionally, highly compensated individuals are excluded



based on an insurance-based classification system NCAIS score. Marc concluded by noting that the assumed conversion rate for the program is 73% and referenced a list of impacted drugs for further discussion.

Shawn sought clarification on whether the estimated member savings presented were net of the percentages taken out. He also inquired about the voluntary nature of the program, asking if there were any valid reasons why a member might choose not to participate.

Marc clarified that the estimated savings for ImpaxRx would be about one-third of the prior analysis due to differences in the programs. Regarding member participation, he explained that the questions asked are minimal, such as household income and size, and occasionally a W-2 form for high-cost drugs. However, some members may decline to participate simply because they dislike being asked questions. He emphasized that ImpaxRx does not employ a hard-sell approach, and participation is entirely voluntary.

Marianna compared the program to CanaRx, noting that it is also voluntary. Despite communication and outreach efforts, some resistance from members is inevitable. She explained that there is no option to partner with Blue Cross for a mandatory program, which would require members to complete the steps to access medications under the plan. While some questions in the program may feel invasive or personal, she emphasized that participation leads to significant savings. Capturing as many eligible members as possible would result in immediate cost reductions.

Art asked how potentially eligible members are identified, recruited, and connected to the plan, and what the household income cutoff range is for eligibility.

Marc explained that member identification is retrospective. For example, claims from July would be reviewed in September, and Impacts RX would identify members taking eligible drugs. Outreach would then be conducted through the group to contact members and invite them to participate. He noted that members can choose to engage or not.

Marianna explained that the income eligibility threshold varies by medication and manufacturer. On average, for a household of four, the cutoff is 600% of the federal poverty level, which equates to \$192,000 for 2025. This range will fluctuate depending on the specific drug.

Marc emphasized that the program is entirely optional for members and incurs no cost to the plan if no one participates. Marc highlighted that if the program is implemented but no members engage, there would be no financial impact on the plan. However, if members do choose to engage, costs would arise only in relation to the savings generated. He reiterated that the program cannot be made mandatory under the Blue Cross framework.

Marianna explained that the vendor is incentivized to maximize outreach efforts, as their earnings are solely based on successful member engagement. If a member does not respond or is deemed ineligible, the vendor does not receive any compensation.

Marc clarified that the program operates on a calendar year basis, not the plan year, as it was initiated mid-year. He provided examples of specialty drugs, such as Betaseron for multiple sclerosis, Cosentyx for inflammatory conditions like psoriasis or Crohn's disease, and Dupixent for various uses. He noted that specialty drugs typically cost around \$6,000 per claim and, while highly effective, contribute significantly to overall costs. The program aims to reduce these costs for the group.



Marianna recommended adopting the program, highlighting that it poses no downside from either a cost or member perspective. She noted that Gallagher has successfully partnered with ImpaxRx, the only vendor offering a voluntary program, for other clients. While the vendor handles most outreach, entities may occasionally be asked to assist if there is significant non-responsiveness among members, particularly employees. She assured that the vendor provides a secure portal for document uploads, ensuring data security.

Sue Brayton made a motion to adopt the ImpaxRx foundational assistance program. Paul Reynolds seconded the motion. There was a roll call vote by Ms. Layden.

Motion

CES	Yes
Dighton	Yes
Norton	Yes
Raynham	Yes
Rehoboth	Yes
SCEC	Yes
Seekonk	Yes
Tri-County	Yes
Westport	Yes
Wrentham	Yes

The motion passed.

Discussion and Potential Vote to Adopt Access Blue New England Saver II \$5,000/\$10,000 Plan Effective January 1st, 2026

Marianna provided a continuation of last month's discussion on the employer shared responsibility payment, which many communities face during their 1095 filings. She reminded attendees that on line 15, the lowest individual employee premium must be listed. If the proposed plan is adopted, it would serve as the least expensive option, and entities would only need to offer it to their members, enrollment is not mandatory. For example, if the individual premium is \$650, communities could list their respective employee portion, potentially avoiding penalties for unaffordable plans based on IRS standards. While this may not eliminate all penalties, especially for communities with high employee premium splits or low wages for benefit-eligible employees, it would reduce the number of individuals impacted. Marianna emphasized that there is no downside to offering the plan and recommended adopting it by January 1st to align with the calendar year for 1095 filings. Delaying implementation to mid-year could result in penalties for the first half of the year.

Sue inquired whether an open enrollment period could be conducted for January 1 specifically for active employees allowing them only to switch to the proposed plan if they are eligible.

Marianna confirmed that it is possible to limit the open enrollment period exclusively to this plan, enabling employees to make changes specifically for this option.

Sue Brayton made a motion to adopt the Access Blue New England Saver II \$5,000 / \$10,000 plan effective January 1st, 2026. Lisa Cabral seconded the motion. There was a roll call vote by Ms. Layden.

Motion



CES	Yes
Dighton	Yes
Norton	Yes
Raynham	Yes
Rehoboth	Yes
SCEC	Yes
Seekonk	Yes
Tri-County	Yes
Westport	Yes
Wrentham	Yes

The motion passed.

Marianna clarified that entities are not required to adopt the proposed plan; it is simply an option available to SMHG starting January 1st. Entities can choose to adopt it immediately, at a later time, or not at all. She noted that Blue Cross would be asked to build the plan into their system for all entities, but the decision on how to proceed ultimately rests with each entity.

Review Joint Purchase Agreement Language Changes per April 29th Board Vote and Potential Vote to Adopt New JPA

Marianna referenced discussions and board votes from April regarding updates to the JPA language for entities that were part of SMHG before July 1st. The updates aim to modernize the language and address terms such as ACH/wire payments and reduce potential risk and liability for entities joining or departing. She reviewed all the proposed changes in the document.

Gregory Enos made a request for the document to be released for further review and table a vote for the next meeting.

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

Patrick announced that Marianna has decided to leave Gallagher, with her last day being tomorrow, as she moves on to a new opportunity. While expressing sadness at her departure, he acknowledged her excellent work managing SMHG and wished her the best. Patrick stated that he would be stepping in to lead SMHG and encouraged the group to reach out to him or Joy for any assistance, assuring them of continued momentum moving forward.

Shawn expressed his gratitude for Marianna and praised her for her phenomenal contributions, dedication, and support, emphasizing how much she will be missed. Shawn also wished her well in her future endeavors and acknowledged the challenge Patrick faces in filling her shoes.

Next Meeting Date

The next meeting will be held on Wednesday, October 22nd, 2025, at 9:30 am.



Gallagher

Insurance | Risk Management | Consulting

Kelly Usher made a motion to adjourn the meeting. Shawn Cadime seconded the motion. The meeting was adjourned by unanimous consent at 10:43 a.m.

Motion

*Submitted by
Marianna Gil
Gallagher Benefit Services*