



Mass Strategic Health Group (MSHG) Board Meeting

Tuesday, February 6th, 2024 at 1:00 PM
Town of Medway Town Hall and by Virtual Participation

Meeting Minutes

Board and Alternate Board Members in Attendance:

Rick LaFond, Board Chair	Town of Webster
Michael Boynton, Board Vice Chair	Town of Medway
Matthew Wojcik	Town of Douglas
Karen Bratt	Town of Franklin
Lindsay Grasso	Town of Abington
Jamie Kelley	Town of Acushnet
James Ryan	Town of Salisbury
Joanne Frederick	Town of Oxford
Mary Lauria	Town of Grafton
Daniel Haynes	Tri-County RSD
Arthur Scott	CES
Adam Gaudette	Town of Northbridge
MaryEllen Cerbone	Dudley Charlton RSD
Lisa Gerulaitis	Spencer East Brookfield RSD

Guests in Attendance:

Steven Lamarche	Dudley Charlton RSD
Tim Bell	Town of Webster
Courtney Friedland	Town of Webster
Justin Leduc	Town of Oxford
Jeanne Lovett	Town of Douglas
Jamie Hellen	Town of Franklin
Chelsea Mason	Narragansett RSD
Diane Rego Montanez	Town of Franklin
Holly Cotnoir	Town of Douglas
Ken Lombardi	NFP
Kevin Paicos	NFP
Eric Avrumson	NFP
Marianna Gil	Arthur J. Gallagher
Bob Jordan	Arthur J. Gallagher
John Scholl	Arthur J. Gallagher
Karen Quinlivan	Arthur J. Gallagher
Sheila Kaye	Arthur J. Gallagher
Richard Bienvenue	Treasurer
Jim Riley	CanRx



The meeting was called to order at 1:06 p.m.

Delegate / Alternate Delegate Attendance

There was a roll call of attendees participating in person and via Microsoft Teams.

Mr. LaFond said that before the meeting got started, the representative from Dudley Charlton Mr. Rich Mathieu has moved on to a different school district. He asked the new representation to introduce themselves.

Steven Lamarche introduced himself as the Superintendent for Dudley Charlton RSD. Until such time as the School Committee votes to have him be the voting member for the group, Mary Ellen Cerbone is the voting member for Dudley Charlton RSD.

Mr. Lafond said this is an aggressive agenda and some items may be deferred to the next meeting on February 20th.

Meeting Minutes – December 19th, 2023 – Votes Possible

Michael Boynton made a motion to approve the meeting minutes from December 19th, 2023.

Motion

Mr. James Ryan seconded the motion. There was a roll call vote.

- Town of Abington – No Response
- Town of Acushnet – Yes
- CES – Yes
- Town of Douglas – Yes
- Dudley Charlton RSD – Abstain
- Town of Franklin – Yes
- Town of Grafton – Yes
- Town of Medway – Yes
- Town of Northbridge – Yes
- Town of Oxford – Yes
- Town of Salisbury – Yes
- Spencer East Brookfield RSD - Abstain
- Tri-County RSD – Yes
- Town of Webster – Yes

The motion passed by majority vote.

Jamie Kelley motioned that since there are a number of items on the agenda, he requested a vote on item #11 prior to any other items.

Motion

Matthew Wojcik seconded the motion. There was a roll call vote.

- Town of Abington – No Response
- Town of Acushnet – Yes
- CES – No



Town of Douglas – Yes
Dudley Charlton RSD – Abstain
Town of Franklin – No
Town of Grafton – Yes
Town of Medway – Yes
Town of Northbridge – No
Town of Oxford – Yes
Town of Salisbury – No
Spencer East Brookfield RSD – Abstain
Tri-County RSD – No
Town of Webster – No

The motion did not carry.

CanaRx Utilization review:

Jim Riley said that most know what the program is. CanaRx looks at the claims data and compares prescription fills to the potential savings if members filled the prescription through CanaRx versus local pharmacies. There are 625 eligible members currently. There are currently 64 enrolled members. Savings so far are \$290,662, but there is potential for an additional \$1.3M in savings. From a marketing perspective, everything that CanaRx does is at no cost to the plan, with the exception of a gift card program. One such incentive is a \$50 Amazon gift card on enrollment with an eligible prescription. The cost of the card is billed back to the trust. An example of medications filled through CanaRx compared to locally was reviewed. The \$50 cost for the gift card more than pays for itself in the first 90-day prescription that might be filled. Once enrolled, the members tend to stay in the program and only stop when they are no longer eligible or not taking the medication.

Marianna Gil said that if every eligible person signed up and received a gift card, it would be a \$28K cost to the group; however, the potential savings to the group would be over \$1 million. These are continual savings versus a one-time gift card cost.

Adam Gaudette said that a mailing to members should be identified ahead of time so that they can be prepared and look for it instead of just throwing it away.

Karen Bratt asked where the savings go.

Marianna Gill said that savings go to the trust.

Michael Boynton asked how eligibility is determined.

Marianna Gil said there is a file feed that goes to CanaRx and they base eligibility on medications that could have been filled by CanaRx.

Matthew Wojcik asked if there are differences between groups with deductibles and those without.



Marianna Gil said that the member has a zero-dollar copay outside of the health plan and educational material can be put together to emphasize that point for the members.

Matthew Wojcik motioned to adopt the \$50 gift card incentive for CanaRx when a member enrolls with a qualifying prescription.

Motion

Adam Gaudette seconded the motion. There was a roll call vote.

- Town of Abington – Yes
- Town of Acushnet – Yes
- CES – No
- Town of Douglas – Yes
- Dudley Charlton RSD – Yes
- Town of Franklin – Yes
- Town of Grafton – Yes
- Town of Medway – Abstain
- Town of Northbridge – Yes
- Town of Oxford – Yes
- Town of Salisbury – Yes
- Spencer East Brookfield RSD – Yes
- Tri-County RSD – Yes
- Town of Webster – Yes

The motion passed by majority vote.

Private Company being added to MSHG:

Mr. Lafond took this item early because John Scholl from Gallagher has to leave the meeting early.

A private company was somehow added to MSHG without anyone's knowledge. Not only is that not legal the question is how did it happen? Gallagher informed Mr. LaFond of it and he asked them to be prepared to discuss the circumstances.

Marianna Gil said the background is that an entity known as Kissling of Attleboro has about 150 employees and 30 members on the plan. They were previously insured by Harvard Pilgrim. Chris Nunnally had the group moved under MSHG as of 08/01/2023 without the JPG's knowledge. HPI, ESI, and other vendors started deducting claims on a normal basis. This is something that Treasurer Rich Bienvenue discussed with Chris Nunnally and highlighted for the board during the November meeting notes. Since Marianna Gil and John Scholl became involved, they have begun the process of unwinding the incident. HPI claims and stop loss premiums have been refunded, and they are in the process of working with ESI. That process takes 6 to 8 weeks to accomplish. It has been set up that HPI will now receive invoices and remit on their behalf. The group was informed but not to the level of detail as of today.

Richard Lafond asked about the legal ramifications of this.



John Scholl said they can only speculate as to why it was done. Gallagher did speak with their compliance attorneys and they did not feel that there was an issue from a Health and Welfare compliance perspective. There will be no financial ramifications for MSHG.

Richard Lafond asked what Gallagher is doing to make sure that this never happens again.

Mr. Scholl said that safeguards are in place now to ensure that nothing gets added to the JPG without the Board's knowledge. A new RFP process and form is being implemented and throughout the document it is known that nothing happens without board approval.

Marianna Gil said the entity's arrangement was similar to the other groups that join the group in that they pay their total rates. Vendors were not receiving funds from the correct source. They paid a working rate to HPI and at the same time, money was being deducted from the trust for HPI, ESI, and Benecon, the Stop Loss vendor.

A full reconciliation was done with all the vendors. KoA received new ID cards without the MSHG logo and MSHG reference was retracted from all other plan documents.

Matthew Wojcik said that fiscal controls are a responsibility of the JPG. The system should pick this up quickly. This might trigger a Management Letter. Policies should be brought forward by the Committee or powers that be to make sure policy is in place for the Treasurer to follow and discover this.

Karen Bratt asked how it was discovered.

Marianna Gil said that after Mr. Nunnally's departure, his clients were moved to other consultants. When Kissling was looked at it was discovered that they has been moved to MSHG. The MSHG Treasurer did mention the irregularity to Chris Nunnally when he first discovered it.

Jamie Kelley asked where the draft of the financial safeguard RFPs from Gallagher is.

John Scholl said he has a draft and can forward it to the group. Before Gallagher can even release a quote to a prospective group, it has to go to the Board for review and vote. What happened with Narragansett and what will happen going forward are two different things.

Jamie Kelley said that when a request to join comes in, the Board should be advised before any work is done for a proposal.

Matthew Wojcik said that the question is how to police the process. Internal fiscal controls are a minimum and there needs to be more communication from the Treasurer.

Rich Bienvenue said that this was found within three days of it occurring and was communicated to Chris Nunnally and Emmilie Roach on that day. He was told that it was an error and they would fix it, but at the next meeting, he verbally reported it to the Board. By the following meeting, it was not cleared up and it was included in the written report provided to the board. On the follow-up, Chris left and Marianna came on board. This was included in a whole list of things that needed to be cleared up. They are working on having everything clean in

the next few weeks. It is listed as a liability of the group on the balance sheet because it was not the group's claims. There are transactions to support the recollection of the funds.

Richard Lafond said that someone did something that was inappropriate and that is the main focus.

James Ryan asked what Gallagher will do to make sure this does not happen again.

John Scholl said that a control should be a form the vendor must get before a group is accepted into the plan.

Remove Aggregate Coverage from the FY25 Stop Loss policy:

John Scholl said that the plan currently has Aggregate Stop Loss Coverage. There is a specific deductible that requires the group to fund up to a specific deductible level and then there is aggregate coverage in case there is a large number of members that are reaching the specific deductible. Coverage is set up at the MSHG level, not at the individual community level. The total premium is \$500,000, which equates to 0.5 to 0.8% in the rates. The feeling is that the coverage is not offering a lot of value and it might be worth saving the \$500,000 next year. If a private employer generally has over a thousand employees, they are generally eliminating aggregate coverage. MSHG has 4,000 employees.

Richard Lafond did not recall that being discussed or voted on at a meeting.

Jamie Kelley asked if this was part of the whole stop loss renewal.

John Scholl said this was part of the renewal. He did not see the negotiations on the renewal. Aggregate may have saved costs on premiums.

Adam Gaudette said there should be a comparison to the prior year's policy when reviewing and signing a renewal proposal.

Bob Jordan from Gallagher said that aggregate insurance makes sense for individual units. For the size that the group is now, it does not.

Michael Boynton motioned to remove aggregate coverage from the FY25 Stop Loss renewal.

Motion

Matthew Wojcik seconded the motion.

There was discussion regarding the fact that there is much work to do before the renewal proposal. The renewal needs to be quoted with options clearly stated.

Michael Boynton withdrew his motion.

Jamie Kelley asked that it be put on every subsequent agenda until this is resolved.



Gallagher contracts:

Rich Lafond said he and Michael Boynton had a conversation with attorney Leo Peloquin regarding a contract that was unsigned by Gallagher in 2019. Also, multiple HPI administrative services contracts were signed in arrears of the fiscal year in which they were active.

Michael Boynton said that the concept of the group was a genius idea. Most have done really well. One thing that has become clear is that several controls are missing. There are distinct differences between MSHG and other joint purchase groups in the Commonwealth. There is no community that is a backbone of the group. The need of the group is to become more transparent and organized. There have been no illegalities but irregularities. This group requires a lot of administrative service to do individual rating. There need to be internal controls in place so that it is not Gallagher directing the group but the group directing Gallagher or whoever the service provider may be to make sure that the group moves in the right direction. The work that is being done now is encouraging.

Jamie Kelley asked what Leo Peloquin was advising.

Richard Lafond said that Mr. Peloquin said the contract did not matter. If the group wants to renegotiate for the next fiscal year, that is fine. The Administrative Service Agreements were signed exceedingly late.

The Commonwealth does not require a bid process for insurance. Administrative services have not been looked at by the Inspector General.

Matthew Wojcik said the concept of what is a broker and what is a consultant has always been a point of discussion within the group. Who is going to place the business and who is going to help run the group was a point of confusion. He does not feel one can do both. Shall the group grow to where it forms a captive for stop loss? His point of the vote today was questioning if there is a point at which the vendor relationship changes so much that it is no longer what you originally contracted for? The best way to vote is to have competition and evaluate the options for an entire contract renewal. Vendor relationships should be separate from broker relationships. If there is any element of significant change, the door should be opened for an RFP.

Adam Gaudette said there needs to be a discussion of what is required for the scope of services.

Michael Boynton said the group is moving into a critical period. Rates need to be established and if the group is going to look at this, it needs to be done for FY26, not FY25. Budgets need to be finalized.

The finance director at Webster said that Gallagher has been transparent and the new team seems to be providing information quicker, more transparently, and with clarity compared to the prior team.

Jamie Kelley said the difference between the broker and the consultant has to be established. The blurred lines bother him. Whatever entity provides service needs to be defined before the group moves forward.

James Ryan said it makes sense to empower the chair to form a committee to look at consultant versus broker and whether or not the group should create an RFP.

Adam Gaudette said this makes sense but for FY26, not FY25. He said it took one phone call with John and Marianna to clear up six months of questions he had.

Richard Lafond said he would want neutral members to form a committee, not those who have already formed opinions.

Kevin Paicos of NFP said that having done this work for 20 years, the inspector general's opinion is very clear with respect to insurance brokers not being subject to Chapter 30B. To be a broker and compensated a commission, they must have a producer's insurance license. The commission is negotiable and can range anywhere from 2-5% on average. In Massachusetts, advisors must have an LIA license. Some communities hire advisors and issue an RFP. The fee is negotiable and includes a fee for service. Some of the carriers have embedded fees. Self-insured entities are doing things in several different ways. Another JPG issues a procurement every three years. The Inspector General has not given an opinion in regard to advisor services.

Jamie Kelley said he favors having an advisor and having a broker.

John Scholl said that Gallagher is compensated as both a broker and a consultant. They consider their role as one.

NFP stated that they negotiate a fee with their client and add that fee to the premium. They do not have a contract with MSHG but with individual communities. You can't take a commission for the same line of insurance. What is commonly done is an alternate treatment for different lines such as health and dental, etc.

Michael Boynton said the group is too late for FY25, but there should be a transparent breakdown for FY26.

Mr. Lafond said the item would be put on the next agenda for further discussion.

Consideration of Narragansett RSD application to join MSHG:

Mr. Lafond said that the application has been submitted. They have very good numbers and would be a good fit for the group.

Michael Boynton motioned to accept Narragansett RSD to MSHG effective 07/01/2024.

James Ryan seconded the motion.

Adama Gaudette asked why it makes sense to add them to the group.

John Scholl said that the Minuteman Nashoba Health Group has voted to dissolve, effective 07/01/25. Gallagher is presenting to several of the groups in that joint purchase group.

Kevin Paicos said that their claims experience was running below 80% and the rate they were paying was higher than what they should pay based on their claims experience. Large claims were minimal. They had a competing offer from MIIA and the teachers union voted to ask MSHG if they could join.



Matthew Wojcik asked why the information was only through August.

John Scholl said that is when the proposal was received.

Matthew Wojcik said this is a departure from how things have been done in the past. It is a small group and there is always a fear of large loss claims in the recent past. There is not enough data to form a sound decision.

Rich Lafond said that information was given to NFP to ask them to look at it. Based on their response, he feels strongly in support.

Jamie Kelley said additional information should be reviewed at the next meeting in three weeks to make an informed decision.

Matthew Wojcik also asked what the Stop Loss arrangement is.

Mr. Paicos said it is fairly conservative. They will update the information and circle back for the meeting on the 20th of February.

Michael Boynton withdrew his motion.

Appointment of Jamie Kelly to the Membership Advisory Sub-Committee:

Mr. Kelley has expressed interest in serving on the committee.

Michael Boynton motioned to add Jamie Kelley to the Membership Advisory Sub-Committee.

Motion

James Ryan seconded the motion. There was a roll call vote.

- Town of Abington – Yes
- Town of Acushnet – Yes
- CES – Yes
- Town of Douglas – Yes
- Dudley Charlton RSD – Yes
- Town of Franklin – Yes
- Town of Grafton – Yes
- Town of Medway – Yes
- Town of Northbridge – Yes
- Town of Oxford – Yes
- Town of Salisbury – Yes
- Spencer East Brookfield RSD - Yes
- Tri-County RSD – Yes
- Town of Webster – Yes

The motion passed by unanimous vote.



Allocation of \$1,552.50 to pay a legal bill:

Michael Boynton motioned to allocate \$1,552.50 for payment of the legal bill.

Motion

James Ryan seconded the motion. There was a roll call vote.

- Town of Abington – Yes
- Town of Acushnet – Yes
- CES – Yes
- Town of Douglas – Yes
- Dudley Charlton RSD – Yes
- Town of Franklin – Yes
- Town of Grafton – Yes
- Town of Medway – Yes
- Town of Northbridge – Yes
- Town of Oxford – Yes
- Town of Salisbury – Yes
- Spencer East Brookfield RSD – Yes
- Tri-County RSD – Yes
- Town of Webster – Yes

The motion passed by unanimous vote.

Discussion and vote on using prospective drug rebates for underwriting purposes for FY25 renewal:

Bob Jordan said that this is a conservative incorporation of consideration of assumed savings into the rate calculation. He is putting in a 20% assumption of drug claims returning in rebates globally for the group.

Jamie Kelley motioned to include the rebates in the rate calculation.

Motion

Adam Gaudette seconded the motion. There was a roll call vote.

- Town of Abington – Yes
- Town of Acushnet – Yes
- CES – Yes
- Town of Douglas – Yes
- Dudley Charlton RSD – Yes
- Town of Franklin – Yes
- Town of Grafton – Yes
- Town of Medway – Yes
- Town of Northbridge – Yes
- Town of Oxford – No
- Town of Salisbury – Yes



Spencer East Brookfield RSD – Yes
Tri-County RSD – Yes
Town of Webster – Yes

The motion passed by majority vote.

Open Session for Topics Not Reasonably Anticipated 48 Hours In Advance Of the Meeting

There was no open session for topics not reasonably anticipated 48 hours in advance of the meeting.

Next Meeting

The next meeting was scheduled for February 20th at 1 p.m.

Michael Boynton made a motion to adjourn the meeting.

Motion

James Ryan seconded the motion.

Chair, Richard Lafond adjourned the meeting by unanimous consent at 3:15 PM.

*Submitted by,
Karen Quinlivan
Gallagher Benefit Services*