



Mass Strategic Health Group (MSHG) Board Meeting

Tuesday, November 26th, 2024, at 1:00 PM
Town of Medway Town Hall and by Virtual Participation

Meeting Minutes

Board and Alternate Board Members in Attendance:

Richard LaFond, Board Chair	Town of Webster
Michael Boynton, Board Vice Chair	Town of Medway
Arthur Scott	CES
Matthew Wojcik	Town of Douglas
MaryEllen Cerbone	Dudley-Charlton RSD
Jamie Hellen	Town of Franklin
Mary Lauria	Town of Grafton
Laurie Reed	Narragansett RSD
Adam Gaudette	Town of Northbridge
Joanne Frederick	Town of Oxford
James Ryan	Town of Salisbury
Gary Suter	Spencer East Brookfield RSD
Adam Lamontagne	Town Templeton
Daniel Haynes	Tri-County Regional

Guests in Attendance:

Joseph DeSantis	DCRSD
Holly Cotnoir	Town of Douglas
Karen Bratt	Town of Franklin
Allison Potter	Town of Medway
Cheryl Houle	Town of Medway
Carol McLeod	Town of Merrimac
Tim Bell	Town of Webster
Courtney Friedland	Town of Webster
Paula Hunt	SEBRSD
Lisa Gerulaitis	SEBRSD
Sheryl Strother	Finance Director
Marianna Gil	Arthur J. Gallagher
Patrick Flattery	Arthur J. Gallagher
Sheila Kaye	Arthur J. Gallagher
Bob Jordan	Arthur J. Gallagher
John Scholl	Arthur J. Gallagher
Darlenys Dominguez	Arthur J. Gallagher

John Hardy
Ken Lombardi
Kevin Paicos
William Short
Edd Byrnes
Anthony Lively
Patricia Joyce

Arthur J. Gallagher
NFP
NFP
NFP
NFP
Alliant
Abacus

Richard Lafond, Board Chair called the meeting to order at 1:03 p.m.

Delegate / Alternate Delegate Attendance

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

Discussion and Possible Vote to Approve Meeting Minutes of October 29th, 2024.

Michael Boynton made a motion to approve the minutes of October 29th, 2024. Adam Gaudette seconded the motion. There was a roll call vote.

Motion

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

The motion passed.

Finance Director's Report

Ms. Strother summarized the October 2024 year-to-date results, reporting a \$425,000 loss for the first four months of fiscal year 2025, bringing the group's negative equity to over one million dollars. This deficit assumes all fiscal year 2024 deficit bills, totaling \$1.6 million, are paid. Six entities received these bills, with one entity having a significant outstanding payment of over a million dollars. If all payments are made, the deficit would decrease to \$425,000, indicating a positive shift from last year's expectations. Sheryl stressed the need to address outstanding deficit payments.

Richard LaFond asked for clarification on which groups had outstanding payments.



Ms. Strother identified the Town of Oxford and the Town of Acushnet, with the latter having a small deficit amount currently being investigated for possible other components.

Ms. Strother noted that some communities had year-to-date losses while others were experiencing profits, and overall there was no cause for alarm. She noted no significant stop loss reimbursement in October, but outstanding amounts were coming. She acknowledged the possibility of needing to make small deposits for IBNR and stated that they would continue to monitor the situation to minimize these deposits, while outlining a plan for fiscal year 2026. She also mentioned that bank accounts are reconciled on a weekly basis to manage the workload. Ms. Strother emphasized that there had been significant improvement in the timely submission of payments. Only two entities are missing payments for the current month, as most entities adopted ACH or sent their payments more promptly. She expressed her gratitude for this positive change.

Michael Boynton asked Cheryl for her recommendations on addressing the deficit before entering the new fiscal year.

Ms. Strother suggested an interim plan for groups where the rates are inadequate and obtaining voluntary contributions to IBNR.

Mr. Boynton expressed concern about the current rates, noting that they did not seem to be alleviating the group's deficit. He also inquired about the next steps for addressing the outstanding deficit balances and suggested that the board discuss implementing corrective actions for those balances.

Ms. Strother proposed the implementation of interest fees.

Mr. Boynton asked whether interest rates had been established in the group's agreement and requested an agenda item for the next meeting to discuss the outstanding balances and the potential imposition of interest charges.

Anthony Lively provided information regarding the outstanding balance for Oxford, noting that there had been challenges in obtaining the appropriate pharmacy data for the reinsurance carrier, but this issue had now been rectified. He stated that the entity was now awaiting an update on the payment amount.

Mr. Boynton stated no issues in waiting another 30 days, but the topic to still be added to the next meeting agenda.

Mr. Lafond asked Anthony about the delay.

Mr. Lively explained the delay had occurred due to the need for Rx information, which HPI could not initially provide. RxBenefits was able to supply it instead. Anthony emphasized that every effort had been made to address the situation, particularly given the significant amount at stake, which the reinsurer would thoroughly review before making any payments especially given aggregate hits were uncommon in the industry.

Ms. Strother asked whether there would still be a deficit for the entity once the amount became available.

Mr. Lively responded that he would provide an answer to Sheryl's question once the amount was available.

Mr. Lafond inquired whether the issue was specifically related to the stop-loss carrier as goes back to the prior fiscal year policy.



Ms. Gil explained that it was necessary to wait for the prior year's plan to close before starting the process.

Mr. Lively elaborated that the process could not have been initiated until October, but they had submitted it earlier than usual due to the severity of the claim.

Mr. Lafond then asked about the group's reinsurance carrier timelessness.

Ms. Gil clarified that when a claimant exceeds the specific deductible level, the process is much quicker as submitting as the claim grows.

John Scholl added that the aggregate is for the whole group, and the carrier had to wait for the year to close in before proceeding.

Mr. Lively explained that the spec applies to an individual, while the aggregate covered the entire group. He highlighted that the carrier needed to wait until all claims were received and then conduct a thorough review due to the large amount of the claim.

Mr. Wojcik asked about the net position heading into the new fiscal year.

Ms. Strother stated that the net position was a deficit of (\$600,000), where significant activity arose from the last six months of the last fiscal year.

Mr. Wojcik expressed confusion over reports indicating larger carry-forward deficits than what Sheryl had just mentioned.

Sheryl clarified the P&L for fiscal year 2024 showed a \$9.1 million deficit. She explained that the previous equity had been fully consumed during the final six months of the previous fiscal year, leaving a cumulative deficit of (\$600,000). She noted that the difference between the P&L and the cumulative equity was the key aspect of Matt's inquiry.

Mr. Wojcik asked for confirmation that the entire group, as of June 30th, 2024, had a deficit of (\$600,000) and then through the first four months of the year a deficit of (\$400,000), considering an accrual for stop-loss reimbursement that had not yet been received.

Sheryl confirmed that this was correct. She explained that the aggregate stop-loss amount had not been accrued in the previous fiscal year because the standard for accruing required that it be both incurred and filed. She mentioned that the filing had occurred recently, around October 8th, which is why it was not reflected in the previous fiscal year. However, she noted that other regular stop-loss amounts that came in the subsequent months had been accrued in 2024.

Matt pointed out that the stop-loss reimbursement could only be counted once, emphasizing that not accounting for deficits from previous years had created challenges. He noted that if the accrued stop-loss had been used to offset a significant loss in the prior year, it could have resulted in a more favorable outcome. He expressed concerns about the financial situation, noting that the first four months were not running well. Additionally, Matt shared details he found about the previously discussed interest rate initiation. He noted that Section 6 of the JPG agreement grants the board the authority to empower the chair to pursue a short-term credit facility and set the interest rate for those needing to be charged as part of their efforts to liquidate the deficit.



Gallagher Financial Report

Marianna Gil provided an overview of the claims through October 2024, noting that the group was running higher than budgeted. The group received approximately \$450,000 in stop-loss reimbursements for October. Marianna mentioned that efforts were ongoing to reconcile any discrepancies between HPI's withdrawal logs and their reimbursement tracking spreadsheets. Ms. Gil also indicated that all claims above the specific deductible had been submitted by HPI and were expected to be processed soon. She explained that Oxford has only three claimants at the 50% level for the current policy year. Templeton has no large claimants, while Merrimac and Salisbury each have one claimant exceeding their specific deductible level. The other entities under RMTS have only four claimants at the 50% level. For the FY24 policy with RMTS, there is approximately \$1.2 million pending in reimbursements.

7/1/25 Renewal Planning and Funding Alternatives

John Scholl provided an update on the 7/1/25 renewal planning, highlighting that the Gallagher team will begin meeting with individual entities to discuss renewal rate forecasts. The first meeting is scheduled for December 9, during which they will also explore various funding alternatives, including stop-loss options and different specific levels that have been considered in previous discussions. The goal is to provide suggestions and alternatives to ensure a comprehensive approach to the renewal process.

Mr. Boynton asked if there had been any new inquiries from potential members interested in joining MSHG.

Mr. Scholl responded that a couple of inquiries had come in and quotes had been provided. He also noted that the new membership committee had not yet met.

Update on MSHG Consultant RFP

Adam Gaudette shared that he, Karen, and Steve had finalized the RFP advertisement, receiving submissions from Hub International, Lockton, Alliant, NFP, and Gallagher. He mentioned that arrangements would be made for everyone to receive a copy of the submissions. The RFP committee decided that all five firms will be interviewed, and Adam will email the RFP scoring sheet. He and Karen plan to use a Doodle poll or SurveyMonkey to schedule interviews in December, which may occur in one or over several days. Mr. Gaudette also outlined the Chapter 30B process, where each member will review and rank the firms based on the RFP criteria. He would summarize the rankings and then open the price proposals, allowing for a vote afterward, as the dollar amounts could influence the rankings.

Mr. Lafond requested that RFP clarification questions be directed to Adam and they would be shared with the board.

Mr. Lafond inquired about the expected turnaround time for the ranking submissions.

Adam confirmed that the rankings would be submitted after the interviews, as that is one of the ranking items.

MSHG Medical RFP and HPI Service Issues

John Scholl shared that, as previously mentioned, the medical administrative services are currently out for bid, with 11 TPAs and carriers having received the RFP.

Ms. Gil confirmed that the responses are due by December 13th. John noted that a detailed RFP had been issued, which includes a questionnaire, a request for repricing claims, and a provider disruption report on the network. Mr.

Scholl also mentioned that Gallagher will use a discount analysis tool. He anticipates that results will likely be available by early January.

Ms. Gil added that three bidders had declined so far.

Mr. Lafond asked about the procedure if a firm does not meet the minimum criteria for the consultant RFP.

Mr. Gaudette replied that all firms have been reviewed and confirmed to meet the minimum criteria.

Mr. Scholl added that a meeting was held last week with HPI to address service issues, particularly in reporting, billing, and member challenges, many of which are related to mental health. HPI and HPHC are undergoing changes in their mental health network, which is causing some member challenges. To address these issues, the Gallagher team has established regular calls with the COO and plans to actively collaborate with HPI to find solutions.

MSHG Website

John Scholl provided an update on the progress of the MSHG website development. The basic structure includes an MSHG landing page that features general information relevant to all groups, such as details for administrators, current carriers, available point solutions, uniform contact information, and member service lines. He presented a sample of the landing page and explained that there are individual tabs for each participating MSHG member. These tabs will contain entity-specific information, as each member has unique plan designs and contributions. The website's framework has already been constructed, and the next step is to fill in the individual tabs for each entity. John expressed satisfaction with the progress so far and expects the website to be ready by the first quarter of 2025.

Karen Bratt asked if the group should stop referring to the pharmacy plan as Express Scripts and start calling it RxBenefits instead.

Marianna Gil clarified that both names should still be used. The network and formulary is through Express Scripts, but plan is managed by RxBenefits, including member services.

Matthew Wojcik raised a question regarding who would own the website.

John Scholl confirmed that Gallagher would be the owner of the website. Concerns were raised about what would happen if Gallagher services were not renewed and the website would be their property.

Mr. Boynton pointed out that if Gallagher is not chosen to retain the business, a new vendor would need to develop a new website. He also suggested exploring the possibility of a community taking on the responsibility of managing the group's website, rather than having consultants handle it.

It was decided to postpone further discussion on this topic until the RFP interviews were completed. This will allow for the evaluation of whether any other bidders have proposals for website development and management, or if exploring a third-party option would be beneficial.

MSHG Voluntary Benefits Opportunity

Mr. Boynton requested that the presentation be postponed for further discussion until all RFP interviews were completed, given that this was a new product offering opportunity.



Mr. Scholl agreed to honor the request but stressed that the group should still consider this opportunity, regardless of the RFP outcome. He gave a brief overview of the voluntary benefits program, highlighting that it would offer additional wrap-around plans, along with administrative and communication support, and technology resources to help members manage their benefits effectively. The program would also grant access to benefits that employees might not be able to secure on their own, potentially attracting new members to the group.

Mr. Boynton expressed concern and questioned whether there is a specific dollar or member threshold that must be met for these fully-insured products to be viable, and who would be accountable if that target is not reached. He suggested that the group should first resolve its current financial issues before considering any new products that might increase costs.

Mr. Scholl confirmed that the group would have no financial impact.

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

Richard Lafond mentioned he had emailed John the previous day about concerns from the last meeting regarding presentations or extensions of Aetna's rate cap until a certain date. He noted that six members—three full and three limited—had reached out to him. Specific documentation was given to two members, while the others were informed verbally about the rate cap. He highlighted that two member units had discussed with their insurance advisory committees before accepting to adopt the Aetna plan, and now they must explain the deal has changed to their retirees.

Mr. Scholl responded that he did not have more to add beyond the email he had sent. He mentioned that the only documentation they found was a PowerPoint presentation given to Planville. John was unsure who created it, possibly Aetna, and noted that such presentations typically provide general summaries, referencing the rate cap on a few slides. He explained that there were no disclaimers, exhibits, underwriting provisions, or contingencies included, which is typical for PowerPoint presentations, as they were not meant to document every detail of an offer.

Mr. Lafond stated that he would address the issue with John separately to explore potential relief options. He expressed concern about the impact on budgets when expectations change, especially for retirees who contribute a portion of that cost.

James Ryan expressed concerns about a documentation issue regarding the rate cap previously confirmed by former employee Chris Nunnally. He stressed that his entity was guaranteed the rate cap, which is now not being honored. James highlighted the urgency of resolving this, as he needs to inform retirees about their rates soon, with deductions scheduled for late December for January. He is uncertain whether to notify them of a significant rate increase or if a resolution will be reached.

Mr. Lafond stated he would keep discussing the issue with John.

Matthew Wojcik requested that a broader discussion on the group's financial position be included in the agenda, beyond just the treasurer's report. He also addressed the Aetna rate cap issue, noting that the contract is with Aetna, not Gallagher. He emphasized the need to understand the contract terms signed by each entity's representatives, especially regarding force majeure clauses, which are standard in contracts. He noted that if federal rules change, Aetna had the right to adjust the rate cap according to the contract terms.



Gallagher

Insurance | Risk Management | Consulting

Next Meeting

The date for a future board meeting will be provided after the RFP interviews are concluded.

Michael Boynton motioned to adjourn the meeting. Karen Bratt seconded the motion.

Motion

The motion passed via unanimous consent.

The meeting adjourned at 2:02 p.m.

*Submitted by
Darlenys Dominguez
Gallagher Benefit Services*