



# Mass Strategic Health Group (MSHG) Board Meeting

**Tuesday, January 14<sup>th</sup>, 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
Lindsay Grasso	Town of Abington
Jamie Kelley	Town of Acushnet
Arthur Scott	CES
Matthew Wojcik	Town of Douglas
Steven Lamarche	Dudley-Charlton RSD
Karen Bratt	Town of Franklin
Mary Lauria	Town of Grafton
Jay Byer	Mendon-Upton RSD
Adam Gaudette	Town of Northbridge
Joanne Frederick	Town of Oxford
James Ryan	Town of Salisbury
Gary Suter	Spencer East Brookfield RSD
Daniel Haynes	Tri-County Regional

### Guests in Attendance:

Justin Ludec	Town of Oxford
Allison Potter	Town of Medway
Cheryl Houle	Town of Medway
Courtney Friedland	Town of Webster
Sheryl Strother	Finance Director
Marianna Gil	Arthur J. Gallagher
Patrick Flattery	Arthur J. Gallagher
Sheila Kaye	Arthur J. Gallagher
John Hardy	Arthur J. Gallagher
John Scholl	Arthur J. Gallagher
Darlenys Dominguez	Arthur J. Gallagher
Ken Lombardi	NFP
Kevin Paicos	NFP
William Short	NFP
Melissa Gibson	NFP
Collette Cullen	NFP
Eric Avrumson	NFP
Anthony Lively	Alliant
Chris Nunnally	Alliant



Patricia Joyce  
Kristyn Bourne  
Philip Katz

Abacus  
Altus  
AFTMA

Richard Lafond, Board Chair called the meeting to order at 1:02 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 November 26, 2024**

Michael Boynton made a motion to approve the minutes of November 26<sup>th</sup>, 2024. Steven Lamarche seconded the motion. There was a roll call vote.

Motion

- Town of Douglas – Yes
- Dudley Charlton RSD – Yes
- Town of Franklin – Yes
- Town of Medway – Yes
- Mendon-Upton RSD – Yes
- Town of Northbridge – Yes
- Town of Oxford – Yes
- Town of Salisbury – Yes
- Spencer East Brookfield RSD – Yes
- Tri-County – Yes
- Town of Webster – Yes

The motion passed.

**Discussion and Possible Vote to Approve Meeting Minutes of December 17<sup>th</sup>, 2024**

Michael Boynton made a motion to approve the minutes of December 17<sup>th</sup>, 2024. Steven Lamarche seconded the motion. There was a roll call vote.

Motion

- Town of Douglas – Yes
- Dudley Charlton RSD – Yes
- Town of Franklin – Yes
- Town of Medway – Abstained
- Mendon-Upton RSD – Yes
- Town of Northbridge – Yes
- Town of Oxford – Abstained
- Town of Salisbury – Yes
- Spencer East Brookfield RSD – Yes
- Tri-County – Yes
- Town of Webster – Yes

The motion passed.



**Discussion and Possible Vote to Approve Meeting Minutes of December 19<sup>th</sup>, 2024**

Michael Boynton made a motion to approve the minutes of December 19<sup>th</sup>, 2024. Steven Lamarche seconded the motion. There was a roll call vote.

Motion

- Town of Douglas – Yes
- Dudley Charlton RSD – Yes
- Town of Franklin – Yes
- Town of Medway – Abstained
- Mendon-Upton RSD – Yes
- Town of Northbridge – Yes
- Town of Oxford – Abstained
- Town of Salisbury – Yes
- Spencer East Brookfield RSD – Yes
- Tri-County – Yes
- Town of Webster – Yes

The motion passed.

**Consideration and Possible Vote to Approve Town of North Attleborough to Join MSHG as Limited Participant Effective April 1<sup>st</sup>, 2025**

Ken Lombardi shared that the Town of North Attleborough submitted a request to join the MSHG Aetna program upon receiving and finding favorable Aetna’s proposal.

Mr. LaFond noted that while the additional lives will not push MSHG to the next enrollment threshold for savings, they will bring it closer, with no drawbacks since it is a fully insured, individually rated plan.

Mr. Boynton inquired if any analysis raised concerns about their membership.

Ms. Gil noted that Aetna did the analysis, and the town received a higher rate than current MSHG entities due to the Inflation Reduction Act and their risk.

Steven Lamarche made a motion to approve the Town of North Attleborough to join MSHG as a limited participant effective April 1<sup>st</sup>, 2025. Michael Boynton seconded the motion. There was a roll call vote.

Motion

- Town of Douglas – Yes
- Dudley Charlton RSD – Yes
- Town of Franklin – Yes
- Town of Medway – Yes
- Mendon-Upton RSD – Yes
- Town of Northbridge – Yes
- Town of Oxford – Yes
- Town of Salisbury – Yes
- Spencer East Brookfield RSD – Yes

Tri-County – Yes  
Town of Webster – Yes

The motion passed.

### **Discussion and Possible Vote to Approve 3-Year Contract with NFP**

Mr. LaFond shared that the discussion would be postponed to a future meeting dedicated to only the NFP transition plan and contract. MSHG received a draft of the NFP contract, which was reviewed by Leo Peloquin, who made recommendations. The draft is now with NFP, and it cannot be presented to the board until Leo approves the final document.

Mr. Scholl expressed confusion about the transition plan, noting that Gallagher had discussed it with Mr. LaFond and Kevin Paicos on NYE, where it was interpreted that it had been voted on.

Mr. LaFond confirmed that the transition plan was not finalized or voted on.

Mr. Scholl clarified that on the call, it was noted that Gallagher had initiated several initiatives, like TPA marketing and claims audit, regardless of whether Gallagher retained the business for 7/1/25. During the call, Gallagher was informed that the transition would start earlier and the broker of record letter for Aetna was already sent for a January 1<sup>st</sup>, 2025 change. He sought clarification on what was discussed and decided.

Mr. LaFond advised that the transition plan is still being drafted, will be shared with Gallagher, and will be presented to the board for agreement or vote of approval.

Christopher Nunnally from Alliant asked if the board had a vote on a time to change the BOR.

Mr. LaFond responded that the consultant RFP process is for a three-year contract starting July 1<sup>st</sup>. Once Mr. Peloquin finalizes the contract, the BOR can be addressed. Meanwhile, NFP is developing a transition plan to discuss with Gallagher.

Mr. Nunnally followed up by asking who had signed the BOR for Aetna.

Kevin Paicos said his understanding was that NFP would finalize the transition plan that was mutually agreeable with Gallagher. The plan assumes NFP will eventually take over some projects from Gallagher, as it would not be practical for one company to implement programs managed by another due to the consultant change. A meeting focused solely on this transition plan between Gallagher and NFP will occur in a few weeks.

Mr. Nunnally added that his clients are now represented by NFP without their knowledge and reiterated his question about who had signed the January 1<sup>st</sup> Aetna BOR.

Mr. LaFond confirmed he signed the BOR and it will be discussed with the rationale at the next meeting. He proposed the next meeting for Tuesday, January 28<sup>th</sup> at 1 pm at the same location.

Mr. Nunnally requested a copy of the signed BOR for Aetna.

Jamie Kelly joined the meeting in person at 1:15 pm.



## Finance Director's Report

Ms. Strother shared that the packet included three spreadsheets: an income statement by participant, a group-wide balance sheet, and an equity calculation. The equity calculation aimed to show each participant's equity status, excluding IBNR. She noted that while some communities might appear in deficit, excluding IBNR may show they were not. The focus should be on assessing each community's equity level and understanding the impact of potential communities leaving, affecting both departing and remaining member units. Sheryl stressed the need for everyone to work under the same ground rules and maintain a clear understanding of MSHG's financial situation.

MSHG started with a June 30, 2024 equity showing a \$600k deficit, adjusted for trends. Then adjusting for Oxford's stop-loss reimbursements paid in December for the prior fiscal year, the revised 6/30/24 equity is now a positive \$428k. Sheryl mentioned that any entity deficits paid are included in this year's financials. She noted the year-to-date self-insured premiums totaling nearly \$48 million and mentioned an accrual for prescription rebates expected three months post-incurred period. These rebates are distributed per member unit and the most recent pharmacy rebate has come through, but she did not have the member unit breakdown. For entities with high prescription charges, rebates might cover about 25% of claims. Once the pharmacy rebate details are known, December figures will be adjusted. She noted she has been accruing \$500,000 monthly for the rebates, reflected in participant financial statements. Reinsurance is \$3.6 million based on HPI's stop-loss reimbursement tracking, with medical claims at \$35 million and \$13 million for prescription drugs. Administrative charges for HPI, including Rx, total about \$2 million, and stop-loss policies total \$6.6 million. Approximately \$600,000 in shared costs were unallocated, but a new allocation method should be discussed now that pharmacy rebates are being allocated. She suggested using insured lives as a basis for allocation, a topic for future discussion especially with member units withdrawing. She outlined true administrative costs, including her and Rich's fees, legal fees, and other minor expenses. Year-to-date IBNR is an accrual based on claims estimates, not exact until claims processed. She warned that communities with deficits planning to leave at fiscal year-end would not know exact deficit due to runout, with initial deficits known after several months and finalized at runout period's end.

A question was asked if the IBNR margin is around six to seven percent of paid claims.

Sheryl noted she believes it was 12%, but the calculation can be reviewed later.

Sheryl reiterated that it should be assumed everything due had been accrued in the financials. She concluded with a \$4.9 million loss for the year, which, combined with a small surplus from the previous year, results in a \$4.4 million deficit for fiscal year 2025 to date. This aligns with their earlier projection of a \$1.2 million annual cash flow drain. Although the initial cash flow analysis was somewhat accurate, the situation is not as severe as projected, but still reflects a deficit.

Mr. Lamarche asked about the portion of the \$13 million in year-to-date prescription drug claims attributed to GLP-1 medications.

Mr. Scholl informed Steven Lamarche that Gallagher would pull the information.

Mr. Lamarche emphasized adding this topic to a future agenda, expressing surprise at the total plan costs for GLP-1 medications for his member unit, and stressed the need for a collective group response to these ballooning costs.

Mr. Boynton agreed with Steven's suggestion to add this topic to a future agenda. He expressed concern about the bottom line, noting that health insurance is cyclical. The group is facing deficits partly due to rate-setting

challenges, with many communities having rates that are too low. This results in two major issues: insufficient funding to cover claims and a significant rate shock the following year to address the deficit. There were conversations for communities to consider mid-year rate adjustments, but understands it is almost unheard of in the municipal sector.

Mr. Nunnally mentioned that the Town of Oxford would be changing its rates as of February 1<sup>st</sup>.

Mr. Boynton voiced concerns about how these challenges impact the group as a whole with potentially a cash flow issue paying bills and ensuring deficit repayment if a member unit leaves MSHG. He stressed resolving these challenges to avoid future discussions on rate-setting problems.

Sheryl responded that she monitors the group's funds daily. While acknowledging cash flow stress, she noted improvements in early payments from most communities. She stressed the importance of timely payments, as reconciliation adjustments would only appear on the next month's invoice, so there is no reason to delay payment.

Mr. Paicos asked whether payments were being submitted via ACH or manual checks.

Sheryl answered that most communities had switched to ACH payments, but some still paid by manual checks.

Mr. Paicos questioned why all entities could not submit payments via ACH.

Sheryl agreed with his point but understood it could be hard for smaller communities.

Mr. LaFond directed all entities to contact Sheryl and Gallagher directly to resolve any open issues, emphasizing that groups with a surplus should not be endlessly floating groups with deficits.

### **Gallagher Financial Report**

Ms. Gil reminded the board again that the financial report would never match Sheryl's, as Sheryl uses actual claims funding requests from HPI and ESI, while Gallagher's report showed paid claims with a one-month lag. She highlighted the gap further due to inconsistencies in HPI funding requests, citing an example of a request on November 18<sup>th</sup> followed by another only in early December, and a recent request within 5 days of the previous one. Despite requests for a consistent weekly schedule, timing continues to vary. A new person is handling HPI funding requests, and improvements are hoped for. She noted additional lags between the Gallagher report and Sheryl's, providing an example for the Town of Oxford's \$823,000 in pharmacy claims from the prior fiscal year recently identified by HPI. These claims are missing from Gallagher's report but included in Sheryl's, emphasizing Gallagher is aware of various gaps and working to address them.

Mr. Nunnally asked if the discrepancies were mostly related to pharmacy or medical claims.

Ms. Gil noted that the Oxford example involves only pharmacy claims. Oxford was paid about \$200k by Benecon for hitting the aggregate. During the aggregate calculation review, it was found that HPI missed significant pharmacy claims of about \$800k for one member, which meant another individual specific deductible hit. As a result, Oxford received over \$700,000 in reimbursement, with an estimated \$1,000,000 in total stop-loss reimbursement paid in December for the prior policy year.

Marianna discussed the status of stop loss tracking, noting that Gallagher believes HPI has filed for all paid claims over the specific deductibles and is monitoring the situation. She noted unresolved issues, such as HPI filing for

one entity reimbursement of prior fiscal year's pharmacy claims paid for the current stop loss policy year, and now needing to review if any claimants from the prior policy year could be submitted for additional reimbursements. For the current policy year, Oxford has no claimants above their \$105k specific deductible. Templeton has no claims over their specific deductible, while Merrimack and Salisbury each have one. In the current fiscal year RMTS policy with a \$175,000 specific deductible, only Franklin has three claimants over the spec, with initial paid claims over the spec already submitted for reimbursement. Additional claims at the 50% level are being monitored. The outstanding stop-loss reimbursement for FY24 exceeds \$1 million, with new claims still being processed due to HPI's backlog.

Marianna shared that all communities, except those that joined July 1<sup>st</sup>, would receive emails about HPI's new claims processing system, which promises improved timeliness. In an earlier conversation with HPI, it was understood they would catch up on the outstanding processing of claims before migrating groups to the new platform by January 30<sup>th</sup>, with reprocessing starting February 18<sup>th</sup>. She addressed concerns about a blackout period, noting Gallagher suggested ways to expedite the process, but HPI said claims processing can't resume until all member units transition. She expressed dissatisfaction with the schedule, as the first funding request will not resume until March 3<sup>rd</sup> or later, and emphasized collaborating with HPI to reduce delays.

Mr. Lafond asked Sheryl how this impacts her reports due to stop loss reimbursements still outstanding.

Ms. Strother responded that it causes a negative impact, especially as it takes a while to get accurate records.

Mr. Nunnally explained that most of his client issues were related to pharmacy claims. He described a case where an expensive medication was billed through a specialty pharmacy to Express Scripts, and when HPI pays the big invoice, they do not know which member they are allocated until they receive the backup. This led to the initial belief that it was a large aggregate hit, but turned into a specific deductible hit.

Mr. LaFond asked what type of medication it was.

Mr. Nunnally clarified that it was for genetics.

Ms. Gil clarified that MSHG, not HPI, pays the pharmacy claims. Sheryl would have paid this medication cost on each applicable invoice, but HPI was not receiving the proper file feed details, leading to the specific deductible hit not being properly recognized.

Mr. Boynton asked if the outstanding reimbursement of approximately \$1.1 million would reduce the deficit from \$4.4 million to \$3.3 million once received.

There was a discussion on how Sheryl is notified of stop loss reimbursements and if it has been filed but not paid, then denoted as reinsurance receivable. This means the \$4.4 million already incorporates the pending stop loss reimbursement payments.

Mr. Wojcik asked about the average age of payables that Sheryl paid once money was available in the group's account.

Sheryl responded that she was paying the payables timely based on what is on the monthly warrant, but as expected, has no visibility into anything carriers and vendors are sitting on.

Mr. Wojcik clarified his question that Sheryl could still make timely payments for the group with the current cash available and nothing is sitting outstanding for long stretches of time.

Sheryl confirmed that she could make timely payments based on the available cash in the bank.

**Gallagher Update on Non-Medicare Medical RFP & Gallagher Update on Claims Audit**

Mr. Scholl advised both agenda topics have to be delayed until the transition plan is in place, as they are part of it.

**Updates**

Mr. Lafond shared an update that the Town of Douglas submitted their final notice of withdrawal, effective July 1. Tri-County, the Town of Grafton, CES, the Town of Oxford, and Mendon-Upton RSD also submitted initial withdrawal notices. He has spoken with most of these communities and understands their concerns. Mr. LaFond hopes further discussions and analysis will make them comfortable to remain in the group. He noted one community specifically stated they would leave if HPI remained the administrator.

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

Mr. Paicos and Ms. Gil held a discussion regarding the new system that HPI, which will require issuing new ID cards to all entities not yet in the system. Additionally, despite the ongoing TPA RFP process, these new ID cards will still be released in the coming weeks, as this update applies to HPI's entire book of business, not just MSHG.

Jay Byer shared that his community was already using the new system and did not have positive feedback, noting that it had not improved the claims processing experience.

Mr. Nunnally inquired if HPI has spoken to MSHG about these challenges.

Mr. Scholl noted Gallagher continues to have weekly calls with HPI to address these issues.

There was continued discussion on the claims backlog, though many issues are related to provider billing errors, there was a consensus that HPI needs to be held accountable.

Mr. Kelley requested that a discussion on union inquiries be added to the next board meeting agenda.

**Next Meeting**

The next meeting was scheduled for Tuesday, January 28<sup>th</sup>, 2025 at 1 p.m.

Michael Boynton motioned to adjourn the meeting. Steven Lamarche seconded the motion.

Motion

The motion passed via unanimous consent.

The meeting adjourned at 2:07 p.m.

*Submitted by  
Darlenys Dominguez  
Gallagher Benefit Services*