Mass Strategic Health Group (MSHG)
Board Meeting

Tuesday, February 25th, 2025, 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
Jeanne Lovett	Town of Douglas
MaryEllen Cerbone	Dudley-Charlton RSD
Jaimie Hellen	Town of Franklin
Mary Lauria	Town of Grafton
Jay Byer	Mendon-Upton RSD
Laurie Reed	Narragansett RSD
Adam Gaudette	Town of Northbridge
Joanne Frederick	Town of Oxford
Karen Snow	Town of Salisbury
Gary Suter	Spencer East Brookfield RSD
Holly Young	Town of Templeton
Daniel Haynes	Tri-County Regional

Guests in Attendance:

Justin Leduc	Town of Oxford
Karen Bratt	Town of Franklin
Joseph DeSantis	Dudley-Charlton RSD
Tim Bell	Town of Webster
Courtney Friedland	Town of Webster
Sheryl Strother	Finance Director
Marianna Gil	Arthur J. Gallagher
Patrick Flattery	Arthur J. Gallagher
John Scholl	Arthur J. Gallagher
Sheila Kaye	Arthur J. Gallagher
Darlenys Dominguez	Arthur J. Gallagher
Ken Lombardi	NFP
Kevin Paicos	NFP
William Short	NFP
Edd Byrnes	NFP
Collette Cullen	NFP

Anthony Lively	Alliant
Andrew Powell	MTA
Brad Aaron	HealthJoy
Nathan Ortiz	HealthJoy
Lindsay Nelson	HealthJoy
Sean Follick	Abacus
Patricia Joyce	Abacus
Amy Bickford	Abacus
Lisa Stabile	Altus

Michael Boynton, Board Vice Chair called the meeting to order at 1:07 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 January 28th, 2025.

Richard LaFond made a motion to approve the minutes of January 28th, 2025. Karen Bratt seconded the motion. There was a roll call vote.

Motion

Town of Abington – Yes
Town of Acushnet – Yes
CES – Yes
Town of Douglas – Abstain
Dudley Charlton RSD – Yes
Town of Franklin – Yes
Town of Grafton – Yes
Town of Medway – Yes
Mendon-Upton RSD – Yes
Town of Northbridge – Yes
Town of Oxford – Yes
Town of Salisbury – Yes
Tri-County – Yes
Town of Webster – Yes

The motion passed.

Abacus Utilization Review

Sean Follick reviewed the diabetes program, a long-standing initiative designed to manage the risks and costs associated with diabetes, which typically accounts for about 25% of healthcare spending due to its complexities and related chronic conditions. The program includes zero copays for necessary diabetes medications, encourages preventative care and lifestyle engagement to achieve member incentives, aims to improve health outcomes by reducing hospitalizations through active participation, and impacts claims by enhancing benefits for members.

MSHG program statistics:

- **585 members** with diabetes had been identified across all entities through medical and pharmacy claims data.
- **144 members** had voluntarily enrolled in the program (24% of the identified population) with all types of diabetes.
- **43%** of participants earned incentives last year, demonstrating adherence to care guidelines and engagement with the program and their doctor.
- **37%** of the 100 identified higher-risk members with diabetes were in the program.
- **54% adherence rate** among the higher-risk members, showing they were engaged with the program and their doctor and were taking their medications.

Mr. Follick highlighted that this program had been performing well, experiencing continued growth, and demonstrating positive outcomes in terms of member engagement and adherence.

Mr. Boynton asked if the statistics from the last couple of years were available.

Patty Joyce stated that 85 new members were enrolled in the program as of January of the previous year, showing an increase in enrollment over the past year.

Mr. Boynton asked about the overall cost of the program.

Patty explained that the program had a per-member, per-month fee and would provide an annual total, stating that it was roughly $82-$86 per monthly member.

Mr. Boynton asked for clarification on the monthly amount, questioning whether it applied to the $82 for each enrolled participant or every group member.

Mr. Follick clarified that the fee applied only to participants.

Mr. Follick highlighted that 322 prescriptions were processed, resulting in $11,321 in waived copays for members, a significant benefit enrichment. Additionally, the program secured rebates on brand-name medications, returning a little over $18,500 to the group. The promotion effort was two-pronged: the groups helped raise awareness with custom materials provided by Patty, and direct mailings were sent to potential participants identified through claims data, ensuring sensitive messaging. During the last reporting period, 21 new individuals enrolled in the program, driven by these promotional strategies, including a recent mailing offering a $50 Amazon e-gift card, funded by Abacus, for new registrants. With open enrollment approaching, Sean offered support in promoting the program through on-site visits and materials, urging HR and benefits teams to assist in disseminating information, as their efforts would amplify the impact of the mailings.

Ms. Gil provided clarification on Mr. Boynton's earlier question, stating that the diabetes program's monthly fee is $80.00 per participant.

Mr. Boynton asked if this fee is billed to the group as a whole.

Ms. Gil confirmed that it was not split out and that Sheryl places it under the unallocated category.

Mr. Follick then reviewed the Healthy Weight program, where key components include targeted risk management to control pharmacy costs and reduce obesity-related chronic conditions. It uses medical and pharmacy claims to identify high-risk members, requires doctor approval and a screening process for participants, and provides anti-obesity medications (up to 12 fills) with behavior change coaching and a connected weight scale. Continued access to medication is contingent on active engagement with coaching and weight tracking. The program also offers 6-12 months of support after medication to prevent weight regain and focuses on direct outreach to individuals with morbid obesity or a BMI of 35 or higher.

MSHG program statistics:

- **Launch Date:** August 2024
- **Participants:** 67
- **Participants Already on Medication:** 12
- **Subscriber vs. Spouse Ratio:** 58 subscribers, 9 spouses
- **Weight Scale Usage:** Over 1,000 times
- **Coaching Interventions:** 303
- **Total Weight Loss:** Over 1,600 pounds
- **Average Weight Loss Per Person:** 24 pounds
- **Average Body Weight Loss Percentage:** 10.5%

He concluded by stating that the program had also been running very well, as designed.

Karen Bratt provided positive feedback on Patty Joyce and the Abacus team for getting the program information out to the benefit coordinators. She also asked what percentage of the 221 individuals proactively reached out to by the Abacus team are active participants and how many of them had enrolled.

Mr. Follick responded that a little over 20 members had enrolled from the first to the second mailing, with about the same number enrolling from the second mailing. He also mentioned that members who qualified for certain medications with their doctor, even with other chronic health conditions or a body mass index below 35 but meeting clinical criteria, were allowed in the program. Approximately one-third of the participants met this criteria and were not specifically targeted, while the other two-thirds were split evenly between the two mailings.

Ms. Gil explained that many entities had requested a presentation from the Abacus program, particularly about the Healthy Weight program, due to the rising costs of non-diabetic GLP-1 medications. She highlighted that 3-5% of members are responsible for 15-25% of pharmacy costs for these drugs. Consequently, many groups are considering excluding these medications from their formulary and partnering with programs like Abacus, which provide access to the medications for up to 12 months along with health coaching and habit development, instead of lifetime use. She also anticipated that the introduction of a pill form would further increase the use of these medications, driving up pharmacy spending, which already accounts for 15-25% of total healthcare expenses.

Mr. Boynton suggested putting a topic on the agenda to allow discussion and input about an Rx rider and changes to the copay structure for these medications.

Ms. Gil emphasized the importance of considering bargaining when implementing such changes. She mentioned that some groups, especially in the private sector, are introducing a 50% coinsurance for these medications. While she acknowledged the health benefits of weight loss, she stressed the need for guardrails in utilization.

Mr. Boynton acknowledged the advantages of losing weight but expressed concern about potential unchecked medical challenges.

Ken Lombardi questioned the names of the medications.

Ms. Gil stated that Wegovy and Zepbound were the most common non-diabetic GLP-1s across MSHG.

Mr. Boynton pointed out that these medications should only be available with a prescription from a medical provider. He raised concerns that doctors might not fully understand patient needs and expressed worries about potential side effects from unchecked use, which could lead to additional medical issues and costs for both employees and the group.

Mr. Follick offered to support the Gallagher team with the projections on some of the plan options and provide information on the pros and cons of those decisions.

Mr. Boynton asked NFP to provide input on how the transition would be managed, including a cost-benefit analysis, as the group considers and undergoes these changes.

Finance Director Report

Ms. Strother presented a financial summary, highlighting that current figures are $3.6 million worse than the previous year-to-date for December, mainly due to discrepancies in medical and prescription claims. Differences between Sheryl's and Gallagher's numbers persist due to accrual variations. Sheryl aligned January costs with January, though some December prescription claims arrived late. The packet includes a spreadsheet with P&Ls for each entity and a highlighted document showing year-to-date equity and true positions after subtracting IBNR amounts, crucial for those considering withdrawals. Gallagher's figures for the three withdrawing entities in deficit Oxford, Acushnet, and Tri County align with Sheryl's. The group has sustained an $8.5 million year-to-date loss, but there is $11 million in IBNR. Claim processing delays due to system migrations might result in a temporary "profit" in February. Although monthly reconciliation efforts are ongoing, delays in bill submission from HPI affect recording. Despite ongoing losses due to current rates, timely payments ensure funds are available to pay bills.

Ms. Bratt asked for clarification on whether outstanding stop-loss was accounted for anywhere.

Sheryl reported that outstanding stop-loss amounts for December had been accrued based on the information available. She noted two significant stop-loss payments were received in February: Oxford received $290,000 and Merrimac received $170,000. She mentioned that accruals are updated quarterly, with the next update scheduled for March.

Ms. Gil mentioned that the Town of Franklin's latest stop-loss reimbursement tracking spreadsheet arrived yesterday, showing significant December activity that has not been reflected yet.

Mr. Lombardi asked if Charles River and the Town of Franklin’s financial data could be merged.

Sheryl stated that it was only possible as requested, but the main report would continue to reflect separately as they pay their own invoices.

Mr. Boynton highlighted the group's unique structure, where each community is individually rated and responsible for its payments. He expressed concern about communities whose expenses exceed their revenue, warning that this is unsustainable and could jeopardize the group's stability. Although Medway's financials look positive, they are overshadowed by the group's overall deficit. Mr. Boynton stressed the importance of informing members with significant deficits that they need to address these issues. He mentioned upcoming rate-setting discussions and the need for a mechanism to help participants in arrears cover their shortfalls. He emphasized the urgency of resolving this problem to prevent it from persisting into the next fiscal year and beyond.

Mr. Lafond noted that three of the five withdrawing members have deficits totaling approximately $2.7 million. He expressed concern about this, especially regarding the potential liability for MSHG.

Gallagher Report

Ms. Gil addressed an issue that arose earlier this morning, explaining that an eligibility file feed problem from the HPI system upgrade on February 18th resulted in the termination of pharmacy coverage for all members who transitioned to RxBenefits as of yesterday. HPI is actively working to fix the issue, and it has been escalated to RxBenefits to restore access promptly. Although there is no specific timeline for resolution, members needing urgent prescriptions are advised to pay out of pocket and submit a reimbursement request using a form that will be provided.

Mr. Boynton asked for confirmation that this means anyone visiting the pharmacy right now is being denied service.

Ms. Gil confirmed that, yes, this was Gallagher's understanding, except for Templeton, Mendon-Upton, and Narragansett.

Mr. Boynton led a discussion inquiring about a motion to be made for a letter to be drafted from the Chair of MSHG to leadership at HPI, informing them of their contractual failures and that corrective action and restitution needed to be made.

Board Chair Mr. Lafond agreed to second the motion but suggested delaying the vote until consulting with the group's legal counsel, Leo Peloquin.

Mr. Boynton questioned if HPI was formally notified that their contract with MSHG would be terminated effective July 1st, 2025.

Mr. Lombardi stated that he has spoken with HPI directly and let them know.

It was discussed whether a formal vote had been taken to terminate HPI's services effective July 1, 2025. It was confirmed that a vote had been made to switch to Harvard Pilgrim, and since HPI was a bidder in the RFP process, no further vote was necessary.

Andrew Powell questioned whether the current Rx issue had been communicated to enrolled individuals. He emphasized that a communication should be sent out.

Ms. Gil stated that it was hoped the issue would be resolved within the next few hours.

Cheryl Houle added that, in addition to the Rx issue, HPI was also very behind in the enrollment processing, causing members delays in accessing benefits.

Mr. Boynton questioned whether an email blast could be released.

Ms. Gil confirmed she would communicate if the Rx issue was not resolved by the end of the day.

Adam Gaudette recommended that HPI attend future board meetings to address ongoing issues and provide answers. He requested HPI's presence at the next meeting and said Harvard Pilgrim should do the same starting July 1, 2025.

Jay Byer confirmed that Mendon-Upton continues to experience issues with HPI even as recently as today.

Ms. Gil reported that a system upgrade prevented the generation of HPI invoices for non-new 7/1/24 participants, a fact discovered that morning. Only invoices for Mendon-Upton, Narragansett, and Templeton were released.

The remaining invoices are expected from HPI by the next day but may be delayed until later this month or early next month. She assured the Gallagher team would expedite processing once HPI releases them.

Ms. Bratt added that it appeared HealthJoy and HealthEquity file feeds had not been updated.

HealthJoy representatives clarified the delay in the updated information Ms. Bratt inquired about, confirming they had not received the updated eligibility from HPI with the new group numbers. It was agreed to contact HPI about this issue after today's meeting.

Ms. Gil reviewed the financial monitoring report through January 2025, highlighting a challenging month with high claims activity that should have been processed earlier in the fiscal year. Mendon-Upton, Narragansett, and Templeton saw significant spikes, with loss ratios over 200% due to delayed claims from late summer and early fall. Despite assurances of imminent claims processing, confidence was lacking.

Ms. Gil discussed large claimant activity, noting that Oxford had three claimants exceeding their $105,000 deductible, and Templeton had three over their $40,000 deductible, with all claims submitted to their stop loss carrier. Merrimac and Salisbury, sharing a $50,000 deductible, also had three claimants exceeding it, with reimbursements underway. For the remaining entities, the deductible increased to $175,000 this policy year, with 13 claimants exceeding it. HPI submitted most claims and are pending stop loss carrier review for reimbursement.

For the prior policy year, as Sheryl mentioned, an error for Dudley Charlton was identified, where their top claimant was mistakenly overprocessed for $700,000. After HPI investigated and confirmed the error, the amount was removed. Currently, about $700,000 in stop loss reimbursements are pending, mostly submitted to RMTS and awaiting payout. Some reimbursements are delayed, with submissions from September and October needing more information from RxBenefits and HPI. As this information is processed, the outstanding amount should decrease as the fiscal year ends, and ultimately, no pending dollars due for reimbursement.

Discussion Regarding FY 2026 Rate Renewals

Mr. Lombardi explained that they used preliminary underwriting from Gallagher and adjusted pricing formulas with claims data from previous policy years, as the initial data was insufficient for those participants not in MSHG for at least 24 months. They rebuilt the underwriting, made minor recommendations, and are awaiting final stop loss information. He noted that they expect to finalize everything within the next week.

Mr. Boynton raised the question of how to address significant deficits, emphasizing the importance of avoiding "sticker shock" in the subsequent year. He outlined two potential solutions: either billing members to correct the deficit immediately within the current year, which he admitted was difficult due to the potential for large, mid-year bills with short deadlines, or incorporating an increase into the following year's rates to cover the current losses, acknowledging that this could also be a substantial burden. He stressed that simply waiting until after the deficit was realized and then sending bills later was not a viable solution, based on past experiences, and sought opinions on the optimal approach.

Edd Byrnes emphasized the complexity of the situation, noting that the deficit was not the only issue. The FY25 rating process was challenging due to inconsistent claim lag at HPI, causing underwriters to struggle with missing data and improperly set rates. This inconsistency was a significant problem compared to larger carriers with more consistent processes, likely due to better resources. Although moving to HPHC should improve claim estimate consistency, FY26 will still be challenging, as it has been for Gallagher in previous years. Edd stressed the importance of setting rates correctly and addressing deficits promptly to ensure rates match the expected claim volume, which should improve with Harvard.

Mr. Lombardi stated they began discussions with individuals about deficits, exploring finance options like municipal financing and trust fund money, and considering internal financial adjustments. Ken noted these measures would not fully resolve the issue but aimed to provide a forward plan. He mentioned possible slight margin adjustments but clarified they would not generate significant revenue. Additionally, he said Harvard's team would attend every meeting, with at least two members present.

Mr. Lafond voiced concerns about significant rate hikes for some entities, noting that members with mid-single-digit rate increases last year now face projections of 20% or higher, which he deemed implausible that claims changed so drastically over two years. He stressed the need for stability and the importance of setting FY 2026 rates to address deficits and get back on track. He sympathized with members who joined based on seemingly adequate rates but found themselves in financial difficulty a year later. He felt the group should help these members recover within a reasonable timeframe, suggesting two to three years as a goal.

Mr. Boynton expressed concern about the group's financial state, particularly if financially stable members like Medway, with significant equity, decided to leave. Such a departure could cause a major deficit and potential legal issues for remaining members. He acknowledged the need for gradual recovery but stressed this was a management issue requiring immediate attention, suggesting adjustments to the member agreement. He noted awareness of challenges as early as August and September, citing a flawed rate structure that led to artificially low rates. He believed earlier rate adjustments, though unpleasant, would have been preferable. He reiterated concerns about starting another fiscal year with cash flow problems, noting the financial situation worsened between December and January, and emphasized the need for a better plan.

Mr. Lafond discussed the financial impact of groups leaving, noting that while some, like Douglas and CES, were departing in good standing, labor groups were concerned about potential deficits left behind from others. He stressed the aim to prevent such issues, though legal action necessity was unclear. Mr. Lafond highlighted financial risks for remaining members from both surplus and deficit departures. He suggested amending the participation agreement to include financial benchmarks for each member community throughout the fiscal year.

Mr. Boynton stated that the FY26 rate master list should be presented to the board for review and voted on at the March meeting.

Discussion Regarding Administration of Runout Claims for Withdrawing Participants

- **Runout Benefit Administration**
- **Possible Amendment to Current MSHG Participation Agreement**

Mr. Lafond discussed the impact of groups leaving MSHG with financial deficits, noting that current procedures assume members leave in good standing as language was not designed for participants leaving with a deficit. He consulted with Leo Peloquin regarding the true-up timelines and emphasized that MSHG should not cover cash deficits or fund runout claims; departing members should settle their balances and fund these claims. He hoped the leaving groups understood these obligations and mentioned Leo is preparing notices to inform them. Mr. Lafond noted that MSHG might not manage runout claims if a member has not met their obligations and mentioned ongoing discussions about possibly billing communities in deficit.

Mr. Boynton stated that communities leaving MSHG in good standing should not expect a check on June 30th. A process with NFP will be established to determine the runout strategy. He mentioned sending a letter to communities with significant deficits, advising them to correct their situation before June 30th to avoid runout claim issues. Another letter may be sent to those withdrawing improperly, offering assistance. Mr. Boynton clarified there would be no attempts to persuade members to stay, as understand their decisions are final. He emphasized protecting the group's financial stability by preventing cash drawdowns without a plan for incoming bills and ensuring members meet their financial obligations by the fiscal year's end.

Mr. Lafond urged any departing groups to consult with Sheryl, Gallagher, and NFP, acknowledging that their financial obligations are somewhat uncertain. He emphasized that it is the responsibility of the departing members to determine their financial obligations, hoping for agreement on the necessary figures. He also stated that it is unfair to expect the group to bear any liability for members leaving and clarified that the agreement applies only to members withdrawing in good standing, with other scenarios not yet considered.

Mr. Lafond encouraged departing groups to consult with Sheryl, Gallagher, and NFP, noting their financial obligations are somewhat uncertain. He stressed that departing members must determine their obligations and agree on the necessary figures. He stated it is unfair for the group to bear liability for departing members and the intent of the agreement only applies to those leaving in good standing.

Mr. Boynton noted a conversation with a withdrawing member who he believes mistakenly thought they could delay payment until the end of October. Michael intends to correct this misunderstanding, as it is not part of the group's agreement, and he is unsure how it arose. He plans to meet with the team tomorrow to devise a strategy to address this communication issue and resolve it.

Mr. Lombardi explained that the MSHG program benefits included a Medicare buy-in for non-Medicare retirees over 65, covering Part A and penalty payments to CMS. The advantage was that the reduced claims costs outweighed the expense to Medicare. However, starting July 1st, MSHG will stop covering these payments for withdrawing participants, and CMS will seek payment from those organizations. These organizations must transition the payment directly to ensure retirees are not affected. NFP will send formal letters to impacted communities, informing them that they must take action to prepare for this change.

Karen Snow questioned whether the run-out period is adequate, considering the current issues with HPI's claim processing.

Mr. Boynton stated that claims incurred as an MSHG participant will be settled by the respective entity, even if it has left the group.

Mr. Lafond concluded that discussions with Leo will continue to ensure the board chair and vice chair are legally comfortable with the obligations of withdrawing entities. He hopes to send correspondence to these groups within the next two weeks.

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

There were no additional topics to discuss at this meeting.

Next Meeting

The next meeting was scheduled for Tuesday, March 25th, 2025, at 1 p.m.

Rick Lafond motioned to adjourn the meeting. Karen Bratt seconded the motion. The motion passed via unanimous consent.

Motion

The meeting adjourned at 2:27 p.m.

Submitted by
Darlenys Dominguez
Gallagher Benefit Services