

The Hampshire County Group Insurance Trust

FY27 Renewal Recommendations

February 25, 2026



INSURANCE | BENEFITS | HR SOLUTIONS

Agenda

1. Pharmacy Marketing Results (PBIRx)
2. Medical RFP Results Recommendation
3. FY27 Proposed Rates
4. FY27 Plan Design Recommendations
5. FY27 Rate Recommendations
6. Questions & Answers

Summary of Health Insurance Evaluation and FY27 Recommendations

Vendor Selection and Network Stability

Remaining with BCBS ensures cost competitiveness, quality service, and network continuity, enhancing employee satisfaction and financial stability.

Pharmacy Benefit Strategy

Transitioning pharmacy benefits to Employers Health (CVS coalition) is expected to save \$3.4 million through better contracts and rebate structures amid rising drug costs.

Plan Design and Cost Management

Introducing modest deductibles and copayments aligns with municipal benchmarks, preserving affordability while supporting sustainability and competitiveness. Proposed deductible reduced from \$500/\$1,000 to \$250/\$500 based on feedback and marketing results.

Financial Stability and FY27 Rate Adjustments

Recommend 12.48% rate increase with modest benefit design changes for FY27, which reflects medical trends and actuarial analysis to maintain long-term financial stability for HCGIT. Rate adjustments aim to build the Trust's reserves, providing protection against unexpected claims activity and facilitating the recovery of financial losses from FY26.

Pharmacy RFP Results: PBIRx



Medical RFP Results: Recommendation



RFP Evaluation: Process Overview (Presented 1/21/26 to IAC)

Bid Process: John Garish

Bid invitations were sent to Harvard Pilgrim, Cigna, Aetna, UnitedHealthcare (UHC), and Health Plans Inc. (HPI).

Four proposals were received from HPI, Harvard Pilgrim, Aetna, and Cigna.

UHC declined to quote.

The RFP was not sent to the incumbent, Blue Cross Blue Shield (BCBS), or Mass General Brigham (MGB).

Plan proposals were sent to Hilb by John Garish on 12/8/2025.

Bid Process: Hilb

Hilb issued an amendment to the RFP, capturing important information not included in the initial bid solicitation.

The original RFP was issued to BCBS and MGB.

MGB declined to quote based on network limitations.

BCBS submitted a proposal.

A Best and Final Offer (BAFO) request was released to all five bidders.

Bid Process: Outcome

Four out of five bidders submitted a Best and Final Offer (BAFO), further reducing their administrative costs.

A claims repricing exercise was performed to assess the most competitive costs.

Additionally, a provider disruption report was conducted to evaluate network differentials.

Among the five competitors, BCBS demonstrated the strongest cost and quality performance based on the bid criteria.

The RFP process yielded competitive pricing and administrative fees from all five carriers. Key factors, including claims repricing and provider discounts, significantly influenced the final recommendation, which is to continue with the incumbent, BCBS.

FY27 Proposed Rates



FY27 Rate Renewal: Key Factors

Key considerations for FY27 rate increases include claims fluctuation, medical and pharmacy trends, trust reserves, exiting group claims, and market alignment, with the goal of rebuilding trust reserves to prevent future high increases and mid-year adjustments.



FY27 Proposed Rates: Overview

HCGIT's current loss ratio is 114% for both medical and pharmacy. The proposed FY27 rates include adjustments from both medical and pharmacy procurements.

Medical / Stop Loss

Annual medical trend of 10%.

A 40% projected Stop Loss increase applies to a \$400K deductible, with a loss ratio of about 107%.

Four lasers add \$1.73M in claims liability.

Pharmacy

Annual pharmacy trend of 13%.

Weight loss GLP1 claims, excluded from totals, account for 17% of RX claims.

Estimated RX rebates are currently \$8.8M.

Revised pharmacy claims discounts and rebates from CVS Caremark and Employers Health (CVS).

Additional Considerations

Plan design changes, which include adjustments to copay structures and deductibles, are valued at 3.6 percent.

Any additional savings from foundational Assistance programs

FY27 Rate Projection: Detail (Presented 1/21/26 to IAC)



Hampshire County Group Insurance Trust

Retrospective Two Year Claims Analysis

Effective July 1, 2026

Experience Period	Blue Care Elect			Network Blue			Total	
	1/1/2025-12/31/2025		1/1/2024-12/31/2024	1/1/2025-12/31/2025		1/1/2024-12/31/2024	1/1/2025-12/31/2025	1/1/2024-12/31/2024
Claims/Enrollment								
Current Subscribers: 4,063		815			3,248			
Claims/Enrollment								
Medical Claims Expense (incl. Runout)	\$16,007,664		\$14,627,526	\$52,889,624		\$43,947,016	\$68,897,289	\$58,574,541
Pharmacy Claims Expense - Less Weight Loss GLP1s	\$5,528,639		\$3,971,890	\$21,546,708		\$17,303,705	\$27,075,347	\$21,275,594
Claims in Excess of \$400,000	(\$295,029)		(\$688,122)	(\$2,278,954)		(\$1,150,164)	(\$2,573,983)	(\$1,838,286)
Net Claims Expense for Experience Period	\$21,241,274		\$17,911,293	\$72,157,379		\$60,100,557	\$93,398,653	\$78,011,850
Subscriber Months	10,448		10,312	38,755		38,631	49,203	48,943
PEPM	\$2,033.05		\$1,736.94	\$1,861.89		\$1,555.76		
Adjustment to Incurred 1.03	\$2,094.04		\$1,789.04	\$1,917.74		\$1,602.43		
Projected Claims (Combined Annual Trend: 10.85%)	\$2,443.94		\$2,314.97	\$2,238.19		\$2,073.50		
Current Period: 18 months / Prior Period: 30 months	(16.7%)		(29.4%)	(16.7%)		(29.4%)		
Experience Period Weighting	100%		0%	100%		0%		
Weighted Projected Claims Per Employee Per Month		\$2,443.94			\$2,238.19			
Fixed Costs (1)		\$125.08			\$125.08			
Total Projected Rate Year PEPM		\$2,569.02			\$2,363.27			
Total Projected Rate Year Annualized		\$25,125,049			\$92,110,779		\$117,235,828	
Rx Rebates (\$8,800,000) (excl. GLP1s)		(\$1,796,912)			(\$7,003,088)		(\$8,800,000)	
Lasered Claimants (2)		\$555,000			\$1,175,000		\$1,730,000	
Total Projected Rate Year for Status Quo Net of Rebates		\$23,883,137			\$86,282,691		\$110,165,828	
Current Working Rates		\$22,414,848			\$78,059,628		\$100,474,476	
Change to Working Rates: \$		\$1,468,289			\$8,223,063		\$9,691,352	
Change to Working Rates: %		6.55%			10.53%		9.65%	
Factor for Eliminated Population as of 1/16/26 1.20%							10.96%	
Recommended Margin 5.00%							15.96%	

FY27 Increase with Employers Health (CVS): 12.48%



Hampshire County Group Insurance Trust

Retrospective Two Year Claims Analysis

Effective July 1, 2026
Rx Vendor: Employers Health

Experience Period	Blue Care Elect		Network Blue		Total	
	1/1/2025-12/31/2025	1/1/2024-12/31/2024	1/1/2025-12/31/2025	1/1/2024-12/31/2024	1/1/2025-12/31/2025	1/1/2024-12/31/2024
Claims/Enrollment						
Current Subscribers: 4,063		815		3,248		
Claims/Enrollment						
Medical Claims Expense (incl. Runout)	\$16,007,664	\$14,627,526	\$52,889,624	\$43,947,016	\$68,897,289	\$58,574,541
Pharmacy Claims Expense - Less Weight Loss GLP1s	\$5,528,639	\$3,971,890	\$21,546,708	\$17,303,705	\$27,075,347	\$21,275,594
Claims in Excess of \$400,000	(\$295,029)	(\$688,122)	(\$2,278,954)	(\$1,150,164)	(\$2,573,983)	(\$1,838,286)
Net Claims Expense for Experience Period	\$21,241,274	\$17,911,293	\$72,157,379	\$60,100,557	\$93,398,653	\$78,011,850
Subscriber Months	10,448	10,312	38,755	38,631	49,203	48,943
PEPM	\$2,033.05	\$1,736.94	\$1,861.89	\$1,555.76		
Adjustment to Incurred 1.03	\$2,094.04	\$1,789.04	\$1,917.74	\$1,602.43		
Projected Claims (Combined Annual Trend: 10.85%)	\$2,443.94	\$2,314.97	\$2,238.19	\$2,073.50		
Current Period: 18 months / Prior Period: 30 months	(16.7%)	(29.4%)	(16.7%)	(29.4%)		
Experience Period Weighting	100%	0%	100%	0%		
Weighted Projected Claims Per Employee Per Month						
Fixed Costs (1)	\$2,443.94	\$2,238.19	\$2,238.19	\$2,238.19		
Total Projected Rate Year PEPM	\$2,569.02	\$2,363.27	\$2,363.27	\$2,363.27		
Total Projected Rate Year Annualized	\$25,125,049	\$92,110,779	\$92,110,779	\$92,110,779	\$117,235,828	\$117,235,828
Rx Rebates/Discounts (\$12,256,763) (excl. GLP1s)	(\$2,502,764)	(\$9,753,999)	(\$9,753,999)	(\$9,753,999)	(\$12,256,763)	(\$12,256,763)
Lasered Claimants (2)	\$555,000	\$1,175,000	\$1,175,000	\$1,175,000	\$1,730,000	\$1,730,000
Total Projected Rate Year for Status Quo Net of Rebates	\$23,177,285	\$83,531,780	\$83,531,780	\$83,531,780	\$106,709,065	\$106,709,065
Current Working Rates	\$22,414,848	\$78,059,628	\$78,059,628	\$78,059,628	\$100,474,476	\$100,474,476
Change to Working Rates: \$	\$762,437	\$5,472,152	\$5,472,152	\$5,472,152	\$6,234,589	\$6,234,589
Change to Working Rates: %	3.40%	7.01%	7.01%	7.01%	6.21%	6.21%
Factor for Eliminated Population as of 1/16/26 1.20%						7.48%
Recommended Margin 5.00%						12.48%

FY27 Plan Design: Proposed Recommendations



RFP Evaluation: Recommended Plan Design Scenarios HMO Plan

HMO BLUE New England					
Forecasted PEPM FY 2027		\$1,556.78			
Enrollment		3233			
Benefit	Current	Proposed	Factor	Change PEPM	Annual Impact
Deductible <i>Applies to all Svcs. Except OV & ER</i>	\$0	\$250/\$500	0.98	\$31.14	\$1,207,937
Specialist Copay	\$35	\$60	0.99	\$15.57	\$603,968
Outpatient Surgical	\$150	\$250	0.997	\$4.67	\$181,191
Inpatient Care	\$250	\$500	0.997	\$4.67	\$181,191

RFP Evaluation: Recommended Plan Design Scenarios PPO Plan

Blue Care Elect Preferred PPO

Forecasted PEPM FY 2027 **\$1,778.25**

Enrollment **891**

Benefit	Current	Proposed	Factor	Change PEPM	Annual Impact
Deductible <i>Applies to all Svcs.</i>	\$0 In-Network \$250/\$500 Out-of-Network	\$250/\$500 In-Network and Out-of-Network Combined	0.975	\$44.46	\$475,326
Specialist Copay	\$35 In-Network	\$60 In-Network	0.99	\$17.78	\$190,130
Outpatient Surgical	\$150 In-Network	\$250 In-Network	0.997	\$5.33	\$57,039
Inpatient Care	\$250 In-Network	\$500 In-Network	0.997	\$5.33	\$57,039

Medical Benefits Comparison: HCGIT Current & Proposed 7/1/26

	BCBSMA HMO BLUE NEW ENGLAND	
Network Benefits	Current	Proposed
Plan Year Plan Deductible <i>(Individual / Family)</i>	\$0 <i>Network Benefits Only</i>	\$250 / \$500 <i>Network Benefits Only</i>
Office Copay PCP	\$20	\$20
Office Copay Specialist	\$35	\$60
Urgent Care	\$35	\$60
Emergency Room	\$100 Copay	\$100 Copay
Lab	Covered at 100%	\$0 after Deductible
Inpatient Care	\$250 Copay	\$500 after Deductible
Outpatient Surgical	\$150 Copay	\$250 After Deductible
Plan Year Out of Pocket Maximum <i>(Individual / Family)</i>	\$5,000 / \$10,000	\$5,000 / \$10,000

	BCBSMA BLUE CARE ELECT PREFERRED PPO	
Network Benefits	Current	Proposed
Plan Year Plan Deductible <i>(Individual / Family)</i>	Network \$0 Non-Network \$250 / \$500	\$250 / \$500 Network and Non-Network Combined
Office Copay PCP	\$20	\$20 after Deductible
Office Copay Specialist	\$35	\$60 after Deductible
Urgent Care	\$35	\$60 after Deductible
Emergency Room	\$100 Copay	\$100 after deductible
Lab	Covered at 100%	\$0 after Deductible
Inpatient Care	\$250 Copay	\$500 after Deductible
Outpatient Surgical	\$150 Copay	\$250 After Deductible
Plan Year Out of Pocket Maximum <i>(Individual / Family)</i>	\$5,000 / \$10,000	\$5,000 / \$10,000

FY27 Renewal: Recommendation & Vote



FY27 Plan Renewal: HCGIT Voting Options for IAC Members

FY27 Proposed Plan Renewal Recommendations		
	Option A	Option B
Proposed	Recommended / Voted by EC	Alternative
FY27 Rate Increase	12.48%	16.08%
Deductible	\$250/\$500	No Change
Specialist Copay	\$60 In-Network	No Change
Outpatient Surgical	\$250 In-Network	No Change
Inpatient Care	\$500 In-Network	No Change

FY27 Plan Renewal: Rate Scenarios

Plan	Coverage Tier	FY 2026 (Eff 10/1/25)	FY 2027		
			Rates	\$ Change	% Change
Network Blue NE HMO	Individual	\$1,007.00	\$1,133.00	\$126.00	12.48%
	Employee + 1	\$2,344.00	\$2,637.00	\$293.00	12.48%
	Family	\$2,888.00	\$3,248.00	\$360.00	12.48%
Blue Care Elect Pref PPO	Individual	\$1,180.00	\$1,327.00	\$147.00	12.48%
	Family	\$3,221.00	\$3,623.00	\$402.00	12.48%

Plan	Coverage Tier	FY 2026 (Eff 10/1/25)	FY 2027		
			Rates	\$ Change	% Change
Network Blue NE HMO	Individual	\$1,007.00	\$1,169.00	\$162.00	16.08%
	Employee + 1	\$2,344.00	\$2,721.00	\$377.00	16.08%
	Family	\$2,888.00	\$3,352.00	\$464.00	16.08%
Blue Care Elect Pref PPO	Individual	\$1,180.00	\$1,370.00	\$190.00	16.08%
	Family	\$3,221.00	\$3,739.00	\$518.00	16.08%