

The Hampshire County Group Insurance Trust

FY27 Planning: Webinar with IAC

February 9, 2026



INSURANCE | BENEFITS | HR SOLUTIONS

MA General Law (M.G.L.): Health Benefits Bargaining Overview



M.G.L. Ch 150E – Bargaining Separately

Municipal entities can negotiate health insurance benefits through 150E bargaining

- When using 150E to bargain health insurance, each bargaining unit may negotiate all aspects of employee benefits as part of their overall collective bargaining agreement.
 - Plan design
 - Contributions splits
 - Reimbursement accounts (HRA's)
 - Opt-out provisions
 - Other benefits such as Life and Dental insurance

M.G.L. Ch 32B § 19 – Coalition Bargaining

Allows municipal entities to negotiate health insurance changes with a coalition of employees/retirees called a Public Employee Committee (PEC)

- PEC includes representatives from each bargaining unit and a retiree representative (uses weighted voting).
- Agreements may include plan design, premium splits, and other benefits (e.g., dental, eyewear, opt-out stipends, and FSAs).
- This statute can be used to negotiate an agreement to enter the Group Insurance Commission (GIC).
- Must be adopted by the local authority and ratified by a weighted majority of unions and retirees.
- Only law allowing full bargaining over retiree healthcare benefits.
- Supersedes all health insurance provisions in the individual Collective Bargaining Agreements (CBAs).

M.G.L. c. 32B § 21-23 – Municipal Benchmark Law

Accelerated bargaining process for municipalities to either join the GIC or negotiate plan designs in alignment with established benchmarks (most enrolled GIC plans).

Category	Description
Purpose	Accelerated bargaining for municipalities to either join the GIC or negotiate plan designs that align with GIC benchmark plans.
Premium Splits	Negotiated under M.G.L. 150E; retiree premium splits set by the appropriate public authority.
Common Use	Municipal entities invoke law to modify cost sharing components or enter the GIC.
Process	Requires local authority vote to adopt law.
Negotiation Timeline	Allows for a 30-day negotiation period after following a strict timeline of required steps.
Savings & Mitigation	25% of first-year savings shared via mitigation plan.

M.G.L. c. 32B § 21-23 – Savings and Mitigation Calculation

The municipal entity must calculate the total projected savings achieved through plan design changes. A mitigation plan must be offered up to 25% of total first year savings based on the following:

Category	Description
Plan Enrollments	List each health insurance plan and corresponding enrollments
Projected Rates Based on Current Plan Design	What rates would be without plan design changes
Projected Rates Based on Proposed Plan Design	What rates would be with plan design changes
Employee Share	Contribution percent or amount employees pay
Employer Share	Contribution percent or amount employer covers



Worksheet Example 1: Current Benefits at 20% Rate Increase

TOWN OF X
FISCAL YEAR 2027

Plan Name	Enrollment	I/F	# of Months	Rate	EMPLOYER		EMPLOYEE		TOTAL	ER
					Share	Cost	Share	Cost	Cost	%
NETWORK BLUE	20	I	12	1208.40	906.30	217,512	302.10	72,504	290,016	75.00
NE VALUE PLUS	32	EE+1	12	2812.80	2109.60	810,086	703.20	270,029	1,080,115	75.00
	44	F	12	3465.60	2599.20	1,372,378	866.40	457,459	1,829,837	75.00
TOTALS:						1,589,890		529,963	2,119,853	
BLUE CARE ELECT	5	I	12	1416.00	708.00	42,480	708.00	42,480	84,960	50.00
	4	F	12	3865.20	1932.60	92,765	1932.60	92,765	185,530	50.00
TOTALS:						135,245		135,245	270,490	
					Budget Totals:	1,725,134		665,208	2,390,342	

Worksheet Example 2: Proposed Benefits at 16% Rate Increase



**TOWN OF X
FISCAL YEAR 2027**

Plan Name	Enrollment	I/F	# of Months	Rate	EMPLOYER		EMPLOYEE		TOTAL Cost	ER %
					Share	Cost	Share	Cost		
NETWORK BLUE	20	I	12	1168.12	876.09	210,262	292.03	70,087	280,349	75.00
NE VALUE PLUS	32	EE+1	12	2719.04	2039.28	783,084	679.76	261,028	1,044,111	75.00
	44	F	12	3350.08	2512.56	1,326,632	837.52	442,211	1,768,842	75.00
TOTALS:						1,536,893		512,298	2,049,191	
BLUE CARE ELECT	5	I	12	1368.80	684.40	41,064	684.40	41,064	82,128	50.00
	4	F	12	3736.36	1868.18	89,673	1868.18	89,673	179,345	50.00
TOTALS:						130,737		130,737	261,473	
						Budget Totals:	1,667,630	643,034	2,310,664	
						Savings:	(57,504)	(22,174)	(79,678)	
						25% Mitigation:	19,920			
						Employer Net 1st Year Savings:	(37,585)			

Health Insurance Market: Municipal Trends & Employer Strategies



Key Market Dynamics Influencing Affordability, Spending, and Access

The Massachusetts healthcare system faces many challenges. Numerous dynamics are influencing affordability, spending, and access, as follows:

CHALLENGE	IMPACT
Insurer Consolidations	Limits market options, reduces competition
MassHealth Supplemental Payments	Drives up overall spending
Hospital Operating Margins & Expenses	Strains budgets, reduces investment capacity
Workforce Shortages	Limits access to care, increases burnout
Provider Price Demands	Inflates insurance costs
Mergers & Acquisitions	Monopolizes market, raises prices
Premiums vs. Wages	Cost-sharing outpaces income growth

Key Cost Drivers: Healthcare

The healthcare sector is facing increased demand driven by several interrelated factors. Understanding these drivers is crucial for developing effective strategies to manage resources and improve healthcare delivery.

Key Drivers of Healthcare Demand

- **Rising Healthcare Demand:** Driven by chronic diseases, aging populations, and advancements in technology.
- **Escalating Medical Procedure Costs:** Influenced by inflation, labor shortages, and administrative expenses.
- **Increased Hospital Costs:** Affected by outpatient care, emergency services, and workforce shortages.
- **Provider Cost Pressures:** Low reimbursements and rising expenses contribute to higher insurance rates.
- **Growing Insurance Premiums:** Resulting from insurer consolidations and escalating provider and pharmaceutical costs.



Key Cost Drivers: Pharmacy

\$1,500

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SPEND PER CAPITA IN THE U.S**

Factors Contributing to Rising Costs

- Escalating pharmacy spending is driven by the rising prevalence of chronic diseases and the need for advanced treatments.
- Specialty drugs have higher development costs and require significant investment, increasing overall pharmacy spending.
- Pharmaceutical mergers and acquisitions can limit competition, leading to price increases across various drug classes.
- Administrative costs related to managing specialty drugs further exacerbate the financial pressures on healthcare systems.
- GLP-1 medications have contributed to increased expenses for employers and the healthcare system.

Prescription drug spending is on the rise, driven by factors such as specialty drugs, high development costs, and limited competition. GLP-1 medications present both opportunities and challenges, offering health benefits but also imposing significant financial strains on employers and insurance plans.

Snapshot of Average Rate Renewal Trends

Average Rate Renewal Trends: Five-Year Look Back					
Fiscal Year	HCGIT Renewal	GIC Average	MIA Average	Medical Trend	Pharmacy Trend
FY26	18-20% + 20% Midyear	10%–17% (11.7% Avg)	10%–20% (14.8% Avg)	8%–10%	14%–17%
FY25	8.0%	9.6%	6.6%	8%–10%	14%–18%
FY24	6.0%	5.16%	5.6%	7%–10%	13%–18%
FY23	0.0%	5.4%	3.7%	7%–10%	9%–15%
FY22	-2.0%	2.78%	2.9%	6%–10%	10%–15%

Medical and pharmacy trends differ among Massachusetts-specific health insurers, funding arrangements, and formularies. Additionally, these ranges reflect average values.

FY27 Health Insurance Rate Projections

Health insurance rate projections rely on multiple key components including claims experience, medical costs, enrollment trends, regulatory environment, economic factors, risk assessment, plan design, and the margin for trust funds. When comparing HCGIT’s benefits and rates to other municipal market options, the Trust remains cost-effective, often offering richer benefits despite recent rate increases and proposed plan design changes.

FY27 Rate Projections					
	HCGIT	GIC Range	MIA Range	Medical Trend*	Pharmacy Trend*
FY27 Preliminary	15.96%	8.9%-12.9%	2.9%-14.4%	8%–12%	11%-18%

*Medical and pharmacy trends differ among Massachusetts-specific health insurers, funding arrangements, and formularies. Additionally, these ranges reflect average values.

Key Strategies for Employers to Manage Health Insurance Costs

Employers can effectively manage healthcare costs by implementing strategies that address chronic conditions, streamline claims management, and promote wellness initiatives. These approaches help control plan expenses and enhance overall cost efficiency.

Manage
Medical
Claims

Manage
Pharmacy
Claims

Steerage

High-
Deductible
Health Plans

Point Solutions

Educate
Employees

Wellness
Programs

Chronic Disease
Management

Regularly
Review Costs

Network
Optimization

Core Cost-Reduction Levers & Strategies

CATEGORY	DESCRIPTION
Manage Medical Claims	Programs that reduce costs for high-cost conditions through clinical services, preventive care, and telehealth.
Manage Pharmacy Claims	Initiatives that curb expenses for high-cost medications using clinical support and lower-cost alternatives.
Steerage	Plan designs and/or programs that guide members to lower-cost, high-quality care with pricing transparency.
High-Deductible Health Plans	Lower-premium plans with higher out-of-pocket costs, supported by Health Savings Accounts HSAs.
Point Solutions	Targeted programs addressing specific needs such as behavioral health, cancer, musculoskeletal, and women's health.

Employee Engagement & Plan Optimization Strategies

CATEGORY	DESCRIPTION
Educate Employees	Provide resources and training to help employees understand and use their plans effectively.
Wellness Programs	Initiatives promoting healthy lifestyles and preventive care to reduce long-term costs.
Chronic Disease Management	Programs supporting members with chronic conditions to control costs and improve outcomes.
Regular Cost Reviews	Periodic plan and cost evaluations to identify savings opportunities.
Network Optimization	Ensure provider networks include high-quality, cost-effective options.

Questions & Answers



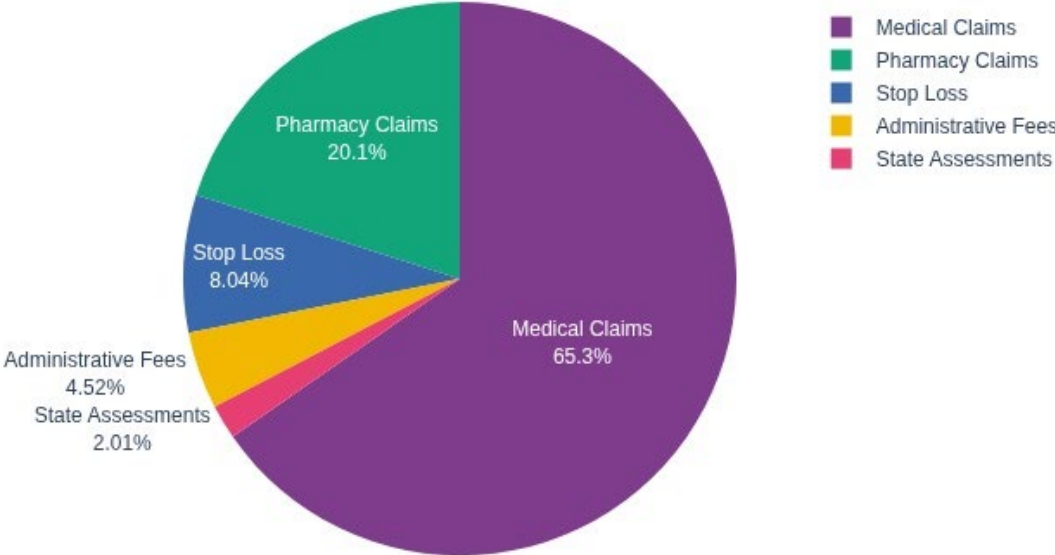
FY27 Preliminary Projection



Breaking Down the Health Insurance Premium

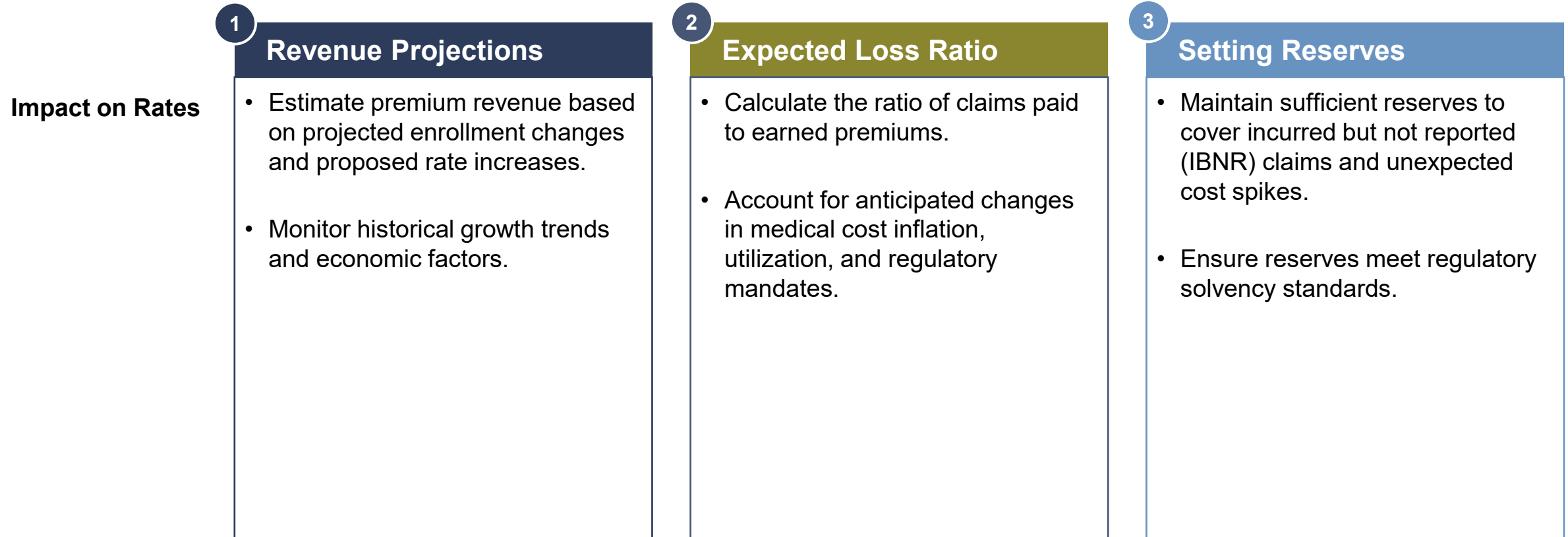
In general, medical claims make up the largest share of health insurance premiums, highlighting the significant impact on overall costs. Understanding this distribution can inform decisions about health insurance plans and cost management strategies. (Note: the following breakdown is not specific to HCGIT).

Distribution of Working Rate by Category



Category	Percent of Total Working Rate
Medical Claims	60 to 70 percent
Pharmacy Claims	15 to 25 percent
Stop Loss	4 to 12 percent
Administrative Fees	3 to 6 percent
State Assessments	1 to 3 percent

Projection: Key Components Overview



Health insurance rate projections rely on multiple key components including claims experience, medical costs, enrollment trends, regulatory environment, economic factors, risk assessment, plan design, and the margin for trust funds.

FY27 Rate Projection: Overview

HCGIT's current loss ratio is 114% for both medical and pharmacy. The proposed rate projection currently does not consider changes in plan design or adjustments in medical and pharmacy procurement. Final rates will incorporate these factors.

Medical / Stop Loss

Claims margin is 3%, with an annual medical trend of 10%.

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

Maintaining the current rate lowers the increase by 1% and decreases administrative costs by 2.51%.

Four lasers add \$1.73M in claims liability.

Pharmacy

Annual pharmacy trend of 13% included in claims margin.

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

Estimated RX rebates are \$8.8M.

Exclusions

Plan design changes, including adjustments to copay structures or deductibles.

Changes in drug pricing, contractual terms or formulary management pending PBM bid results.

For FY27, the projected rate increase, excluding pharmacy bid results and any changes to plan design, is 15.96%. This increase accommodates both a claims margin and potential reserve recovery.

FY27 Rate Projection: Detail



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 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	\$500/\$1,000	0.96	\$62.27	\$2,415,873
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	\$500/\$1,000 In-Network and Out-of-Network Combined	0.95	\$88.91	\$950,652
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