

# North Attleborough Health Care Update

Financial Position and Emerging Cost Drivers

(NAPHG Data through October 2025)

# CURRENT FINANCIAL POSITION

## Claims Exceed Premiums

- Year-to-Date Operating Statement shows an operating deficit of **-\$154,992.70**
- Monthly experience demonstrates that claims are consistently outpacing premium, with several months exceeding 100% of premium revenue:
  - August: 109.9%
  - September: 102.7%
  - October: 139.8%
- Overall performance averages **109.8%** of premium through October.

# GLP-1 DRUGS

## Driving Significant New Costs

- GLP-1 medications (Ozempic, Wegovy, Trulicity), used for diabetes and weight reduction, are one of the fastest-growing drivers of municipal health plan costs nationwide. We are seeing the same impact locally.
- Based on the NAPHG update through October 2025:
  - 5 new GLP-1 claimants in a single month
  - 100 new prescriptions in one month
  - \$110,000 in additional monthly claims
- These medications are creating unanticipated mid-year pressure

# HIGH-COST CLAIMANTS

## Increasing Numbers and Adding Volatility

- 15 claimants exceeded the \$50,000 threshold.
- Total paid claims for these members: \$1.38 million.
- Diagnoses include:
  - Multiple cancer cases
  - Neonatal emergency care
  - Cardiac episodes
  - Autoimmune and neurological disorders
- Creates multi-month or multi-year cost exposure.

# OCTOBER 2025

## A Severe Outlier Month

- October produced a major spike in claims:
  - Medical claims: \$1.64 million
  - Pharmacy claims: \$548,695
  - Total monthly claims: \$2.42 million
  - Monthly premium revenue: \$1.73 million
- This one month resulted in a shortfall of approximately **\$690,000**, a clear example of why reserves must be strengthened.

# FY27 PREMIUM TREND FACTORS

## Higher Costs Ahead

- According to NAPHG's FY27 projections:
  - Medical trend: 9.5%
  - Pharmacy trend: 16%
  - Blended trend: 11.19%
- Removing GLP-1 weight-loss coverage lowers trend, but not enough to offset underlying growth.
- For North Attleborough:
  - Estimated FY27 monthly premium equivalent:  $\approx$ \$1.77 million
  - Each 1% premium change = \$212,824 per year
- Thus, a variance of 5–10% in claims experience represents \$1.06M–\$2.12M in exposure.

# WHY THIS MATTERS

## FY27 Budget Planning

- We are carrying real mid-year risk due to high-cost claimants and rapid GLP-1 growth.
- Several months have already exceeded premium revenue by \$200k–\$700k.
- Trend factors for FY27 are well above the Town's projected revenue growth, compounding the structural imbalance.
- The NAPHG fund balance is not positioned to absorb continued volatility without municipal support.
- Given these conditions, it is financially prudent for the Town to maintain a reserve buffer in the event of continued premium deficits or a spike in medical claims.

# CONCLUSION

## Why A Reserve Is Necessary

- North Attleborough is experiencing the same pressures affecting municipal health plans statewide:
  - Higher claims
  - More catastrophic medical cases
  - High-cost prescription drug trends
  - Volatility that can easily outpace annual revenue growth
- Establishing or reinforcing a health care reserve ensures we can absorb these costs without emergency appropriations, protect municipal operations, and maintain stability for employees.