



Town of Hudson

MASSACHUSETTS 01749-2193

To: Finance Committee

From: Thomas Gregory

Date: November 5, 2025 (revised)

Re: Article #2 – Proposed Adjustments to FY2026 Operating Budget

Article #2 on the November 17, 2025 Special Town Meeting Warrant is intended to address potential adjustments to the current year (FY2026) operating budget. The article was written in the traditional manner to allow for the maximum amount of flexibility leading up to the Special Town Meeting. There are two (2) adjustments that I present below. While I do not anticipate that there will be additional adjustments needed, the article allows for this to occur.

Health Insurance

The first adjustment is specific to the health insurance appropriation. Annually in December, I meet with our health insurance consultant to formulate an estimate for the ensuing fiscal year's health insurance appropriation. Since migrating to the Massachusetts Interlocal Insurance Association (MIIA) Health Insurance Trust on July 1, 2023, the renewal meeting in December has also included a MIIA representative. Last December, MIIA advised that the Town estimate a 15-17% increase on the active plan premiums. I used the conservative figure of 17% in the budget. I had also carried a 10% increase on the senior premiums for the period January 1, 2026 to June 30, 2026¹. Late in the budget cycle, MIIA revised the increase on the active plans to 19.92%. The revision occurred too late to make an adjustment on the Warrant. Additionally, we were recently advised that the senior plans would renew on January 1, 2026 at 11.77% (Medex 2 with PDP) and 20.79% (Medicare PPO Blue).

As a result, an additional \$138,438 will need to be raised and appropriated to supplement the current year health insurance appropriation. This adjustment accounts for increases to both the active and senior plans. This figure also reserves capacity for an additional two (2) individual and two (2) family Network Blue (HMO) plans. The comparison to the previous year's appropriation is shown in the chart below:

FY2025 Appropriation	\$5,525,000	
Rev FY2026 Appropriation	\$6,684,538	
Increase	\$1,159,538	20.9%

¹ Unlike active plans, senior health insurance plans run on a calendar year basis.

Multiple factors are converging to drive up municipal health insurance costs to levels not seen in many years. These include: increased utilization, especially since the COVID-19 pandemic; the rise in prescription drugs and elective surgery; labor shortages in the healthcare professions; the unexpected increase in GLP-1 drugs being used for weight loss; and, low Medicare and Medicaid reimbursement rates.

The MMA has sounded the alarm on this unsustainable trend, advising that it is expected to continue through at least 2032. Beginning next spring, I will be working with our consultant and the Insurance Advisory Committee (IAC) to renew efforts to explore all possible options to reduce our health insurance costs.

Debt Budget

The second adjustment is specific to the debt budget. The Town issued bond anticipation notes (BANs) in June and August of this year. The first BAN was a renewal of a previous issuance and the second was newly issued to fund the costs associated with the new DPW facility. In May, Town Meeting approved a debt budget of \$4,491,216 which included principal and interest costs for existing debt as well as an estimated amount for temporary borrowing and issuance costs.

We were able to lower the amount of the estimated cost for the renewal BAN since the \$1.1M authorization for the Fire Station HQ building renovations only used a portion of this authorization. The FY2026 debt budget will need to be increased, however, to account for the interest payment associated with DPW Facility BAN. The net increase is \$556,244 for a revised total debt budget appropriation of \$5,047,459. The chart below shows these adjustments:

Account #	Description	May 5, 2025 Appropriation	Nov 17, 2025 Increase / (Decrease)	Revised Appropriation
5900-040	Temp Borrowing and Related Expenses	\$ 500,000.00	\$ (115,000.00)	\$ 385,000.00
5917-041	New DPW Facility (5/23)	\$ 300,000.00	\$ 671,244.00	\$ 971,244.00
Net Increase to FY2026 Debt Budget:			\$ 556,244.00	

Because the DPW project was funded via a debt exclusion vote it is considered exempted debt. The Town is allowed to raise an additional amount in taxes to fund the debt service on exempted debt until the debt for this project is retired. Since this borrowing has a dedicated revenue source, the increase in the FY2026 debt budget will not put pressure on any other department's operating budget.

I appreciate the Committee's consideration of these requests and I am available to answer any questions.

cc: Select Board
Neil Vaidya, Finance Director

Memo to Finance Committee – FY2026 Budget Adjustments

Page 2 of 2

November 5, 2025



TOWN OF HUDSON - FISCAL YEAR 2026

ACTUAL RATES

Plan Name	Enrollment	I/F	# of Months	Rate	EMPLOYER Share	EMPLOYER Cost	EMPLOYEE Share	EMPLOYEE Cost	TOTAL Cost	Employer %
NETWORK BLUE	139	I	12	1243.65	808.37	1,348,365	435.28	726,043	2,074,408	65.00
	130	F	12	3198.54	2079.05	3,243,320	1119.49	1,746,403	4,989,722	65.00
NETWORK BLUE TOTALS:						4,591,685		2,472,446	7,064,131	
BLUE CARE ELECT	36	I	12	1493.44	821.39	354,841	672.05	290,325	645,166	55.00
	18	F	12	3841.22	2112.67	456,337	1728.55	373,367	829,704	55.00
BLUE CARE ELECT TOTALS:						811,178		663,691	1,474,870	
NETWORK BLUE SELECT	33	I	12	1081.99	703.29	278,504	378.70	149,964	428,468	65.00
	15	F	12	2782.73	1808.77	325,579	973.96	175,312	500,891	65.00
SELECT TOTALS:						604,084		325,276	929,359	
MEDEX	143	I	6	485.04	303.15	260,103	181.89	156,062	416,164	62.50
	143	I	6	542.13	352.38	302,345	189.75	162,801	465,147	65.00
MEDICARE ADVANTAGE	31	I	6	439.00	274.38	51,034	164.63	30,620	81,654	62.50
	31	I	6	530.27	344.67	64,109	185.59	34,520	98,630	65.00
MEDICARE PLAN TOTALS:						677,591		384,004	1,061,595	
Budget Totals:						6,684,538		3,845,417	10,529,955	
INCREASE FROM ORIGINAL:						138,438		39,082	177,211	



MIIA HEALTH BENEFITS TRUST
 Renewal Proposal 1/1/2026 - 12/31/2026
Hudson

MONTHLY CONTRIBUTION RATES				
PRODUCTS		CURRENT	RENEWAL	
		RATES	RATES	INCREASE
Medex 2	Medex 2	\$262.52	\$280.89	7.00%
	Blue Med Rx	\$222.52	\$261.23	17.40%
	Total	\$485.04	\$542.12	11.77%
Medicare PPO Blue Freedom Rx \$10/\$20/\$35 - Medicare Advantage	Total	\$439.00	\$530.25	20.79%

Blue Medicare Rx rates represent PDP Option 34 (\$10/\$25/\$40 RX, \$10/\$25/\$40 MAIL).

Renewal rates are based on continuing the current enrollment level.

Please return signed renewal confirmation no later than 11/1/25.

Signature for Acceptance of Rates	Title	Date
Print Name		