

OFFICE OF THE
TOWN MANAGER



Town of Hudson
78 Main Street
Hudson, MA 01749
Tel: 978-562-9963
Fax: 978-568-9641

tgregory@townofhudson.org

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



TOWN OF HUDSON - FISCAL YEAR 2026

ACTUAL RATES

| Plan Name | Enrollment | I/F | # of Months | Rate | EMPLOYER | | EMPLOYEE | | TOTAL Cost | Employer % |
|-------------------------|------------|-----|-------------|---------|----------|-----------|----------|-----------|------------|------------|
| | | | | | Share | Cost | Share | Cost | | |
| 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 | 33 | I | 12 | 1081.99 | 703.29 | 278,504 | 378.70 | 149,964 | 428,468 | 65.00 |
| SELECT | 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 | | |
| | | |