

Howden Employee Benefits



West Allis-West Milwaukee School District Health Insurance Renewal Discussion

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Agenda

01 Market Trends Update

02 District Health Insurance Performance

03 2027 Health Insurance Renewal and Market Evaluation

04 Administration Recommendation

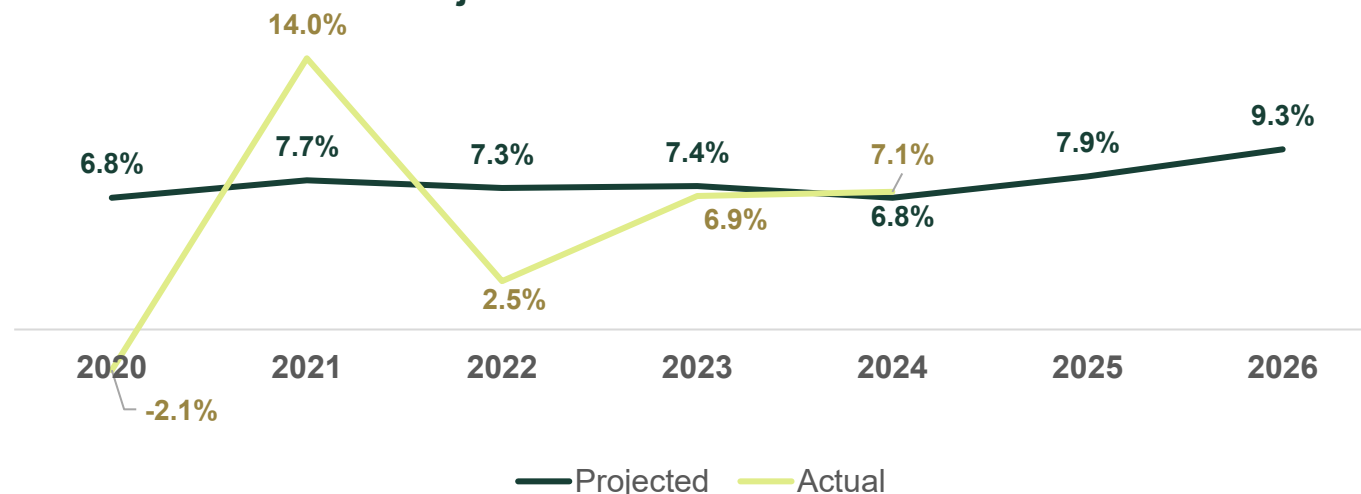
National Medical & Rx Trends by the Numbers

Medical:

Medical costs in 2026 are continuously rising primarily driven by **provider consolidations** resulting in higher negotiated rates, growing expenses for **chronic conditions**, heightened demand for **mental health services**, and **advancements in medical technology** (improved cancer treatments, robotic surgeries, and AI-driven diagnostic testing). **Labor costs** remains the single largest expense in health care at 56% of hospital expenses.

Expected trend for 2027 to be the same as 2026.

Actual vs. Projected PPO/POS Plan Medical Cost Trend

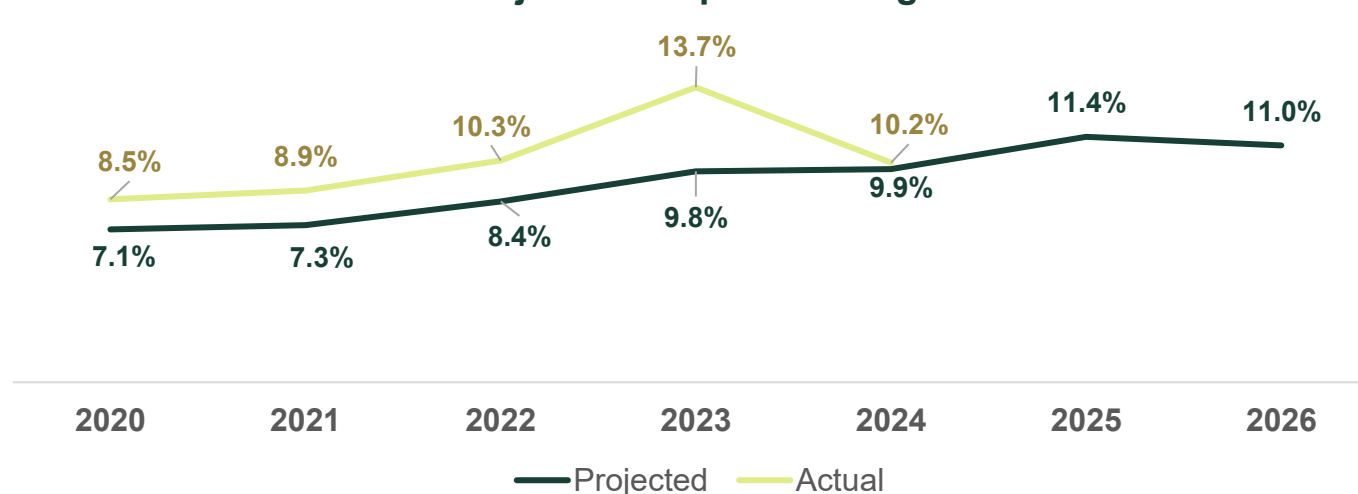


Pharmacy:

Double digit trend primarily driven by a shift to more costly specialty and brand-name drugs, including biologics, breakthrough therapies, and gene therapies.

Additional pressures in Rx cost drivers include supply chain pressures creating drug supply shortages along with continued GLP-1 demand fueled by expanded formulations and new indications.

Actual vs. Projected Outpatient Drug Cost Trend



UHC using Estimated Combined Medical Trend 12% for the 2027 Renewal

District Health Insurance Plan Performance – June 2026

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YTD 2026 Loss Ratio

99.5%

\$9.60MM Paid Claims vs. \$9.65MM Paid Premium

Prior Years: 2025 – 99.2% (\$16.81MM claims vs. \$16.95MM premium) | 2024 – 116.0% (\$16.92MM claims vs. \$14.59MM premium)

Base Plan Loss Ratio

56.6%

\$2.94MM Paid Claims vs.
\$5.19MM Paid Premium

Buy-Up Plan Loss Ratio

149.5%

\$6.66MM Paid Claims vs.
\$4.46MM Paid Premium

Actives Loss Ratio

102.0%

\$9.07MM Paid Claims vs.
\$8.90MM Paid Premium

Retiree Loss Ratio

70.3%

\$532k Paid Claims vs. \$757k
Paid Premium

District Plan Health Insurance Cost Drivers

Medical Cost Concentration

- **Spend concentrated in cancer-related care, musculoskeletal conditions, injuries, and behavioral health**
 - Factors influencing health care / cancer: 17%
 - Musculoskeletal: 11%
 - Injury and Poisoning: 10%
 - Mental Health Conditions: 7%
- **Cost per hospital day rose nearly 17%**
 - Overall admissions increased only 2.7%

Catastrophic Claims

- **3.3% of members generate 45.5% of total claims cost**
 - 62 members (3.3% of enrolled) had more than \$50,000 in paid claims
 - These members accounted for \$7.6MM in spending, 45.5% of all plan cost

Specialty Pharmacy

- **Specialty costs increased 32%, driving overall pharmacy trend of 19%**
 - Specialty medications represent 54% of pharmacy spend
 - Inflammatory conditions: 40% of pharmacy spend
 - Diabetes: 14% | Oncology: 7%

Current Period: Incurred April 2025 through March 2026, paid through May 2026

Prior Period: Incurred April 2024 through March 2025, paid through May 2025

Froedtert Onsite Clinic Utilization Summary

Through June 2026

Summary

- **139 patients have designated clinic as primary care provider**
- **Clinic utilization YTD 63%**
 - Prior YTD 61%
 - 913 total appointments (not including pre-employment physicals)
- **Most common visit reasons**
 - 10% visits for high blood pressure checks
 - 9% mental health
 - 6% sore throat
- **1,006 medications dispensed**
 - Top medication therapeutic class: Hypertension, Anxiety/Depression, Antibiotic

Reasons For Visits

	# of Completed Appointments	% of Completed Appointment
Preventive	115	11%
Acute/Urgent Care	442	44%
Chronic Disease Management	356	36%
Pre-Employment Physicals	85	9%
Total	998	

Examples of visit types by category:

- **Preventive:** physicals, pap/pelvic exams, vaccination only, TB skin test, wellness counseling, contraceptive management
- **Acute/Urgent Care:** colds, rashes, lab tests, cough, ear infection
- **Chronic Disease Management:** blood pressure checks, medication refills, hypertension, diabetes, cholesterol, thyroid disease

2027 Health Insurance Evaluation Summary

Fully-Insured Review

Requested Proposals From

- UnitedHealthcare (incumbent/renewal)
- Anthem
- Network Health Plan
- WPS

Received Proposals From

- UnitedHealthcare (renewal)
- WPS

Declined to Quote

- Anthem – Uncompetitive
- Network Health Plan – Uncompetitive

Renewal and Marketing Results Summary

- Initial UHC renewal was 24.9% above current
 - +\$4.80MM increase from current
- Howden negotiated UHC renewal 15.0% above current (+\$2.89MM increase from current)
 - UHC renewal includes \$550,000 wellness funding
- WPS proposal 32.4% above current
 - +\$6.2MM increase from current

Self-Funded Evaluation

Completed Self-Funded Projection for 2027

- Estimated 2027 Claims + Administrative Expense = \$23,190,434
 - +\$3.90MM (+20.2%) from current
 - +\$1.00MM (+4.5%) from negotiated UHC Renewal

Additional Details on Self-Funded Analysis

- Utilized 24-months of historical claims
- Assumed current plan design and network with UnitedHealthcare
- Utilized UnitedHealthcare administrative fee and stop loss proposal
- Assumes District responsibility for all Clinic Expenses

2027 Fully Insured Health Insurance Marketing Summary

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		UHC Current 01.01.2026 - 12.31.2026	UHC Initial Renewal 01.01.2027 - 12.31.2027	UHC Negotiated 01.01.2027 - 12.31.2027	WPS Proposal 01.01.2027 - 12.31.2027
		Base Plan - Active	Base Plan - Active	Base Plan - Active	Base Plan - Active
Individual	217	\$1,024.79	\$1,279.96	\$1,178.51	\$1,357.18
Family	232	\$2,573.29	\$3,214.03	\$2,959.29	\$3,407.94
Est. Annual Premium	449	\$9,832,593	\$12,280,875	\$11,307,503	\$13,021,802
		Buy Up Plan - Active	Buy Up Plan - Active	Buy Up Plan - Active	Buy Up Plan - Active
Individual	63	\$1,085.76	\$1,356.11	\$1,248.62	\$1,437.93
Family	220	\$2,726.38	\$3,405.24	\$3,135.33	\$3,610.68
Est. Annual Premium	283	\$8,018,478	\$10,015,053	\$9,221,228	\$10,619,270
		Base Plan - Retiree	Base Plan - Retiree	Base Plan - Retiree	Base Plan - Retiree
Individual	16	\$1,213.04	\$1,515.09	\$1,395.00	\$1,706.72
Family	9	\$3,045.99	\$3,804.45	\$3,502.90	\$4,285.62
Post-65 10/1U	2	\$1,448.72	\$1,809.45	\$1,666.03	\$1,918.61
Est. Annual Premium	27	\$596,640	\$745,205	\$686,138	\$836,584
		Buy Up Plan - Retiree	Buy Up Plan - Retiree	Buy Up Plan - Retiree	Buy Up Plan - Retiree
Individual	11	\$1,288.72	\$1,609.61	\$1,482.03	\$1,606.49
Family	16	\$3,236.02	\$4,041.79	\$3,721.43	\$4,033.96
Post-65 10/1U	3	\$1,539.91	\$1,923.35	\$1,770.90	\$2,039.38
Est. Annual Premium	30	\$846,864	\$1,057,733	\$973,895	\$1,059,995
Est. Combined Annual Premium	789	\$19,294,574	\$24,098,866	\$22,188,764	\$25,537,650
\$ Δ v. Current		N/A	\$4,804,292	\$2,894,190	\$6,243,077
% Δ v. Current			24.9%	15.0%	32.4%
\$ Δ v. Initial Renewal		N/A	N/A	(\$1,910,101)	\$1,438,785
% Δ v. Initial Renewal				-7.9%	6.0%

Note: Anthem and Network Health Plan declined to provide a proposal

2027 UHC Renewal – Monthly Rates Summary

Wellness Compliant

UHC Negotiated						Employee Impact	
Defined Contribution based on Base Plan							
01.01.2027 - 12.31.2027							
	# Enrolled	Monthly Billed Premium	Employee % of Total Cost	Monthly Employee Cost	Monthly Employer Cost	Monthly \$ Change	Monthly % Change
Base Plan - Active							
Individual	217	\$1,178.51	8.8%	\$103.93	\$1,074.58	\$13.56	15.0%
Family	232	\$2,959.29	8.8%	\$260.91	\$2,698.38	\$34.03	15.0%
Total Monthly	449	\$942,292	8.8%	\$83,084	\$859,208		
Total Annual		\$11,307,503		\$997,003	\$10,310,500		
Buy Up Plan - Active							
Individual	63	\$1,248.62	13.9%	\$174.04	\$1,074.58	\$22.67	15.0%
Family	220	\$3,135.33	13.9%	\$436.95	\$2,698.38	\$56.87	15.0%
Total Monthly	283	\$768,436	13.9%	\$107,094	\$661,342		
Total Annual		\$9,221,228		\$1,285,126	\$7,936,102		
Base Plan - Retiree							
Individual	16	\$1,395.00	10.0%	\$139.50	\$1,255.50	\$18.20	15.0%
Family	9	\$3,502.90	10.0%	\$350.29	\$3,152.61	\$45.69	15.0%
Post-65 10/1U	2	\$1,666.03	50.0%	\$833.02	\$833.02	\$108.66	15.0%
Total Monthly	27	\$57,178	12.3%	\$7,051	\$50,128		
Total Annual		\$686,138		\$84,607	\$601,531		
Buy Up Plan - Retiree							
Individual	11	\$1,482.03	15.3%	\$226.53	\$1,255.50	\$29.55	15.0%
Family	16	\$3,721.43	15.3%	\$568.82	\$3,152.61	\$74.19	15.0%
Post-65 10/1U	3	\$1,770.90	53.0%	\$937.89	\$833.02	\$122.34	15.0%
Total Monthly	30	\$81,158	17.8%	\$14,407	\$66,751		
Total Annual		\$973,895		\$172,879	\$801,016		
Est. Monthly Premium: all plans		\$1,849,064		\$211,635	\$1,637,429		
Est. Annual Premium: all plans		\$22,188,764	11.4%	\$2,539,614	\$19,649,150		
\$ Δ v. Current		\$2,894,190		\$330,909	\$2,563,281		
% Δ v. Current		15.0%		15.0%	15.0%		

2027 Annual Premium Summary

- **Total Premium = \$22,188,764**
- +\$2,894,190 (+15.0%) from 2026
- **District Premium = \$19,649,150**
- +\$2,563,281 (+15.0%) from 2026
- **Employee Premium = \$2,539,614**
- +\$330,909 (+15.0%) from 2026

Rates assume no change in base plan employee % contribution from 2026

Non-Wellness Compliance Monthly Additional Premium

Single: **\$70**
Family: **\$89**

2027 UHC Renewal Plan Design Summary

UHC Negotiated						
01.01.2027 - 12.31.2027						
Base Plan			Buy Up Plan			
Tier 1	Tier 2	Out-of-Network	Tier 1	Tier 2	Out-of-Network	
Deductible						
Individual	\$2,000	\$5,000	\$500		\$5,000	
Family	\$4,000	\$10,000	\$1,000		\$10,000	
Type (Calendar / Plan Year)	Calendar Year		Calendar Year			
Embedded / Aggregated	Embedded		Embedded			
Out-of-Pocket Maximum						
Individual	\$5,000	\$10,000	\$4,000		\$10,000	
Family	\$10,000	\$20,000	\$8,000		\$20,000	
Visits						
Routine Physicals	No Cost	No Cost	30% after deductible	No Cost	No Cost	30% after deductible
Office Visits	\$10 copay	\$40 copay	30% after deductible	\$10 copay	\$40 copay	30% after deductible
Specialist Visits	\$40 copay	\$100 copay	30% after deductible	\$40 copay	\$100 copay	30% after deductible
Urgent Care	\$50 copay	\$50 copay	30% after deductible	\$50 copay	\$50 copay	30% after deductible
Diagnostic Services						
Diagnostic Labs	0% after deductible	0% after deductible	30% after deductible	0% after deductible	0% after deductible	30% after deductible
Diagnostic X-Rays	0% after deductible	0% after deductible	30% after deductible	0% after deductible	0% after deductible	30% after deductible
High-Tech Imaging (MRI, CT, PET)	0% after deductible	0% after deductible	30% after deductible	0% after deductible	0% after deductible	30% after deductible
Hospital Services						
Emergency Room	0% after deductible	0% after deductible	0% after deductible	0% after deductible	0% after deductible	0% after deductible
Outpatient Procedure	0% after deductible	\$250 occurrence ded. + 20%	\$250 occurrence ded. + 30%	0% after deductible	\$250 occurrence ded. + 20%	\$250 occurrence ded. + 30%
Inpatient Hospital	0% after deductible	\$500 occurrence ded. + 20%	\$500 occurrence ded. + 30%	0% after deductible	\$500 occurrence ded. + 20%	\$500 occurrence ded. + 30%
Prescription Drugs						
Rx Out-of-Pocket Maximum	Tier 1 / 2 / 3		Tier 1 / 2 / 3			
Retail (30 days)	Combined with medical T1 \$20 / T2 \$45 / T3 \$80		Combined with medical T1 \$20 / T2 \$45 / T3 \$80			
Mail Order (90 days)	T1 \$50 / T2 \$112.50 / T3 \$200		T1 \$50 / T2 \$112.50 / T3 \$200			

UHC requiring a change in the Emergency Room benefit, noted below. No other plan changes for 2027

Current ER Copay of \$500, changing to deductible then 100% coverage

Evaluated Alternative UHC Options

Prescription Drug Formulary

-1.1%

Reduction to Status Quo Negotiated Renewal

- More restrictive prescription drug formulary paired with a change to prescription drug copays

Coinsurance Change

-8.1% / -11%

Reduction to Status Quo Negotiated Renewal

- 8.1% savings for the Base Plan, 11% for the Buy-Up Plan
- Tier 1 – From 100% to 80%
- Tier 2 – From 80% to 50%

Health Reimbursement Arrangement

-3.0%

Reduction to Status Quo Negotiated Renewal

- Health Reimbursement Arrangement option

Administration Recommendation

01

Renew with UHC at 15.0%

- **Accept the negotiated UnitedHealthcare renewal**
 - Only plan design change: Emergency Room copay

02

Continue Self-Funded Evaluation

- **Revisit self-funded opportunities in Q1 2027**
- Targeting the 2028 calendar year rollout

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Appendix

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