

East Aurora SD 131

Board of Education Meeting

October 5th, 2026

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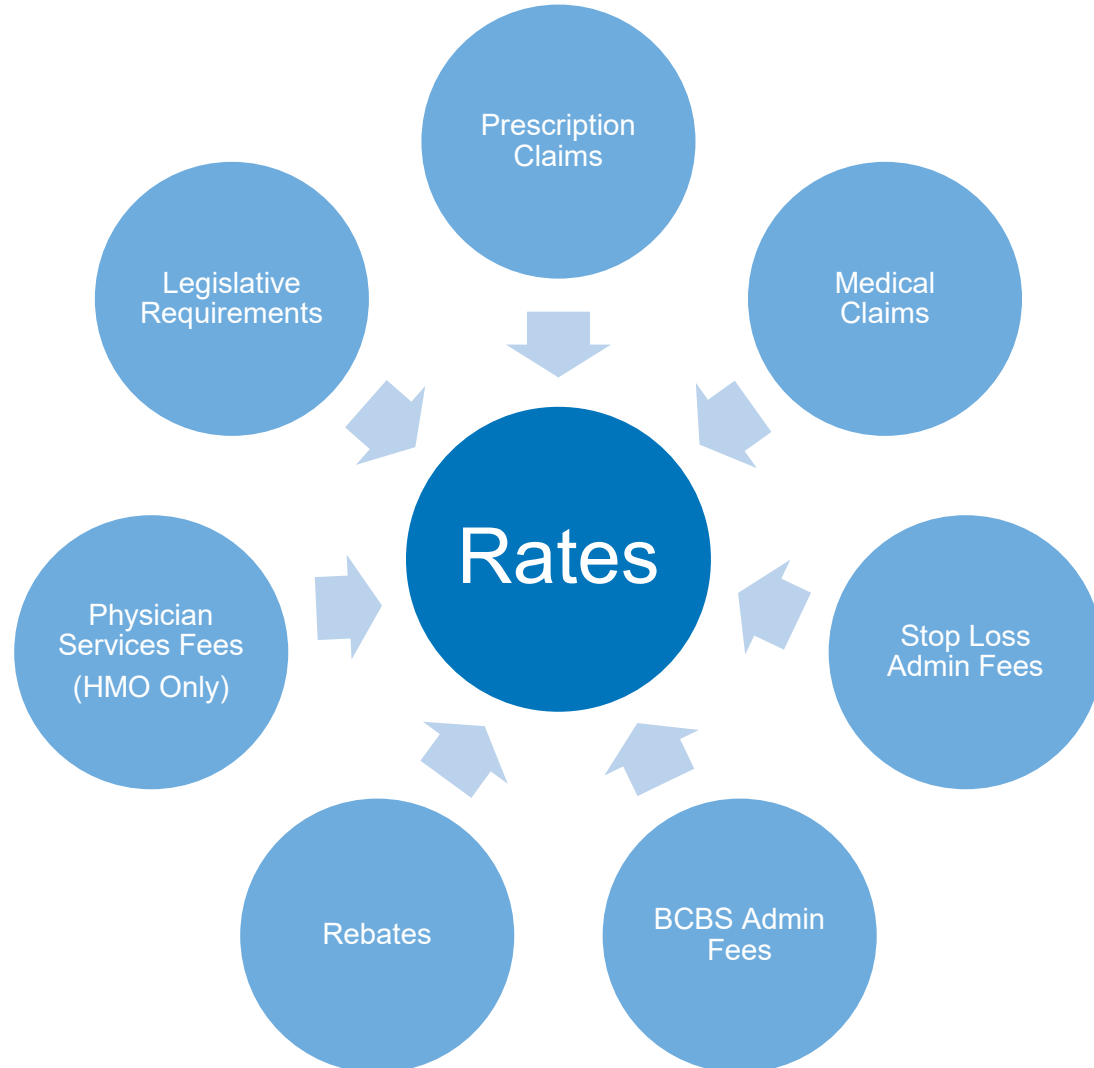


Gallagher

Final Renewal

Understanding the rate makeup

Self-funded Rate Equivalents



Self-funded rates are calculated to cover the anticipated costs for the year, generated by multiple areas.

PPO Financials

January 1st, 2025 to December 31st, 2025

Funding for 2025: **\$22,545,754**

(Based on enrollment and 2025 rate equivalents)

Paid Medical Claims: \$16,408,333

Paid Prescription Claims: \$7,960,944

Access Fees: \$11,605

BCBS Admin and Stop Loss Fees: \$1,672,656

Stop Loss Reimbursement: (\$1,028,528)

(Reimbursed for claims over \$225k)

Total Gross Plan Costs: **\$25,025,010**

Funding Variance: **-\$2,479,257**

January 1st, 2026, to August 31st, 2026

Funding for 2026: **\$16,489.209**

(Based on enrollment and 2026 rate equivalents)

Paid Medical Claims: \$11,722,098

Paid Prescription Claims: \$6,277,840

Access Fees: \$653

BCBS Admin and Stop Loss Fees: \$972,994

Stop Loss Reimbursement: (\$793,877)

(Reimbursed for claims over \$225k)

Total Gross Plan Costs: **\$18,179,708**

Funding Variance: **-\$1,690,499**

HMO Financials

January 1st, 2025, to December 31st, 2025

Funding for 2025: **\$4,398,829**

(Based on enrollment and 2025 rate equivalents)

Paid Medical Claims: \$1,536,704

Paid Prescription Claims: \$1,499,279

Physician Services Fees: \$820,266

BCBS Admin and Stop Loss Fees: \$459,313

Stop Loss Reimbursement: (\$149,146)

(Reimbursed for claims over \$105k)

Total Gross Plan Costs: **\$4,166,415**

Funding Variance: **\$232,413**

January 1st, 2026, to August 31st, 2026

Funding for 2026: **\$2,777,083**

(Based on enrollment and 2026 rate equivalents)

Paid Medical Claims: \$1,291,501

Paid Prescription Claims: \$967,861

Physician Services Fees: \$602,584

BCBS Admin and Stop Loss Fees: \$281,860

Stop Loss Reimbursement: (\$253,560)

(Reimbursed for claims over \$105k)

Total Gross Plan Costs: **\$2,890,246**

Funding Variance: **-\$113,163**

2026 Forecast Summary vs Equivalent Rate Funding

PPO Self-funded Forecast Summary

Category	1/1/2026 through 12/31/2026
Total Projected Gross Plan Costs	\$27,590,536
Funding at Equivalent Rates	\$24,684,063
Amount in Excess of Funding	\$2,906,473
% in Excess of Funding	11.8%

HMO Self-funded Forecast Summary

Category	1/1/2026 through 12/31/2026
Total Projected Gross Plan Costs	\$4,353,045
Self Funded HMO Products	\$4,217,200
Amount in Excess of Funding	\$135,846
% in Excess of Funding	3.2%

Combined forecasted deficit for 2026 is \$3,042,319, or roughly 10.5% over budget.

BCBS Renewal

PPO Renewal Fees

Previous Broker arrangement had \$20 commissions built into fees - \$10 in medical admin fees and \$10 in stop loss fee.

Initial renewal called for a 2% increase to the admin fee and 27.6% increase to stop loss.

Removal of commissions led to a DECREASE of 7% to the admin fee and lowered the stop loss increase by about 5% to 22.5%.

This impacted the PPO renewal adjustment by about 1%.

BCBS Fees	Current	2027 Renewal Initial	2027 Renewal Commissions Removed
Admin Fee	\$73.19	\$74.65	\$64.65
Prescription Drug Rebate Credit	(\$173.45)	(\$189.39)	(\$189.39)
Medical Rebate Credit	(\$2.50)	(\$2.20)	(\$2.20)
Individual Stop Loss \$225k	\$195.25	\$249.16	\$239.16
Aggregate Stop Loss	\$34,207	\$34,891	\$34,891

BCBS Renewal

HMO Renewal Fees

Initial renewal called for a 2% increase to the admin fee and 49.9% increase to stop loss.

Removal of commissions led to a DECREASE of 15.3% to the admin fee and lowered the stop loss increase by 4.8% to 45.1%.

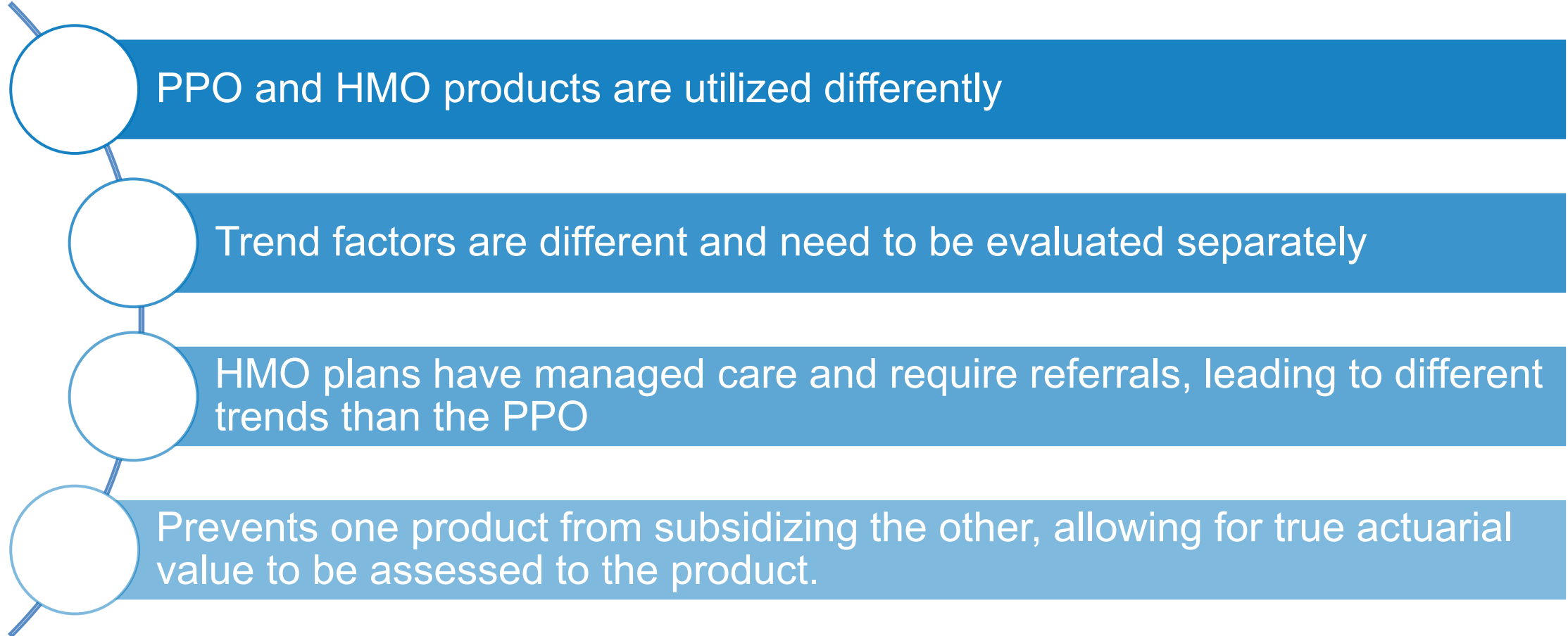
Additional negotiations with BCBS lowered the stop renewal increase to 35.3% for a PEPM of **\$278.81**.

Removing commissions lowered HMO renewal by 1%. The further decrease in stop loss lowered it by an additional 2.7%

BCBS Fees	Current	2027 Renewal Initial	2027 Renewal Commissions Removed
Admin Fee	\$57.86	\$59.02	\$49.02
Prescription Drug Rebate Credit	(\$106.81)	(\$107.40)	(\$107.40)
Individual Stop Loss \$105k	\$206.00	\$308.85	\$298.85
Physician Services Fees – Single	\$196.81	\$204.30	\$204.30
Physician Services Fees – Family	\$545.49	\$565.25	\$565.25
HMO Managed Care Fee	\$15.87	\$9.15	\$9.10

Renewal Rate Approach

Moving to Separate Renewal Adjustments by Product – Understanding the Why



Renewal Adjustment

PPO

Additional Funding Needed to cover
2027 Projected costs is **\$5,589,123.**

**Needed Rate Adjustment for PPO
Plans:**

+22.6%

Projected Claim Cost

Medical:	\$17,969,758
Prescriptions:	\$10,536,584
Total Claims Cost:	\$28,506,342

BCBS Fees

Total projected stop loss fees:	\$3,650,990
Admin Fees:	\$977,508
Rx Rebates:	(\$2,896,841)
Telehealth Fees:	\$6,804
Total Projected Admin Fees	(\$1,912,529)
PDAA Fee:	\$35,310

Total Costs:	\$30,280,113
Current Funding/Premium:	\$24,690,990

Renewal Adjustment

HMO

Projected Claims Cost

Medical:	\$1,677,925
Prescriptions:	\$1,619,519
Physician Service Fees (PSF)	\$946,832
Total Claims and PSF Cost:	\$4,244,276

BCBS Fees

Total projected stop loss fees:	\$689,218
Admin Fees:	\$121,177
Rx Rebates:	(\$265,493)
Additional Fees:	\$22,248
Total Projected Admin Fees	(\$122,067)
PDAA Fee:	\$5,715

Total Costs:

Current Funding/Premium:	\$4,236,150
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Additional Funding Needed to cover 2027 Projected costs is **\$580,992.**

Needed Rate Adjustment for HMO Plans:

+13.7%

Thank you

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