

Douglas County School District Board Agenda Item Memo

Date: October 15, 2026

To: DCSD Board of Trustees

From: Jeannie Dwyer, Executive Director of Human Resources

Re: Approval of Proposed Health Insurance Plan Design Changes and Premium Adjustment for January 1, 2027

Requested Action:

To approve the proposed health insurance plan design changes and dependent premium tier adjustments for the PPO and HSA plans effective January 1, 2027, as recommended by the Health Advisory Committee.

Background Information:

As part of ongoing fiduciary management and plan cost-containment strategy for Douglas County School District's self-funded health insurance plan, the Health Advisory Committee and LP Insurance Services evaluated benefit design modifications and revenue enhancements for the upcoming 2027 plan year.

Due to rising claims trends and cost convergence within the self-funded plan, plan adjustments are necessary to maintain the financial stability of the health insurance fund while preserving competitive benefits for employees. The proposed changes modify deductibles, out-of-pocket maximums, co-insurance, office visit co-pays, pharmacy cost-sharing, and dependent premium contributions.

Budget Considerations and Impact:

The combined proposed plan design changes and revenue adjustments generate total projected savings/revenue of \$1,085,118 for the 2027 plan year:

1. Benefit Plan Design Changes (Estimated Savings: \$870,318)
 - PPO Plan Adjustments (\$659,183 Total Savings):

- Deductible (In/Out): Increase from \$1,000 / \$2,000 to \$2,000 / \$4,000
(Savings: \$234,546)

- Out-of-Pocket Maximum (In/Out): Increase from \$6,000 / \$12,000 to \$7,500 / \$15,000 (Savings: \$115,585)

- Co-Insurance (In/Out): Adjust from 80%/60% to 70%/50% (Savings: \$179,007)

- Primary Physician Co-pay: Increase from \$55 to \$60 (Savings: \$66,158)

- Specialist Office Visit Co-pay: Increase from \$60 to \$70 (Savings: \$60,877)

- Urgent Care Co-pay: Increase from \$55 to \$70 (Savings: \$3,710)

- HSA Plan Adjustments (\$47,436 Total Savings):

- Deductible (In/Out): Increase from \$2,425 / \$4,850 (Ind) & \$4,850 / \$9,700 (Fam) to \$3,000 / \$6,000 (Ind) & \$6,000 / \$12,000 (Fam)

- Out-of-Pocket Maximum (In/Out): Increase from \$7,210 / \$14,420 (Ind) & \$14,420 / \$28,820 (Fam) to \$8,000 / \$16,000 (Ind) & \$16,000 / \$32,000 (Fam) (Combined HSA Savings: \$47,436)

- Co-Insurance (In/Out): Adjust from 80%/60% to 70%/50%

- Pharmacy Changes (\$163,000 Total Savings):

- Greater of Copay vs. Coinsurance (In/Out): Adjust cost-share structure from 80%/60% to 70%/50% (Savings: \$163,000)

2. Dependent Tier Revenue Enhancement (\$214,800 Annual Revenue):

- Employee Only (534 Avg Enrollment): \$0 monthly increase

- Employee & Spouse (63 Avg Enrollment): +\$100/month (Monthly: \$6,300)

- Employee & Child (28 Avg Enrollment): +\$100/month (Monthly: \$2,800)

- Employee + 2 or More (88 Avg Enrollment): +\$100/month (*Monthly: \$8,800*)
- Total Monthly Increase: \$17,900 / Annual Total: \$214,800

All savings and revenues accrue directly to the DCSD Self-Funded Health Insurance Fund.

Recommendation:

The Health Advisory Committee recommends that the Board of Trustees approve the proposed 2027 plan design changes and tier rate adjustments as presented.

Discussed at Previous Meeting:

June 25, 2026 Board Meeting: Board review of the Self-Insured & Fully Insured Marketing Analysis and TPA selection presentation by LP Insurance.

April 7, 2026 Board Workshop: Initial Insurance Workshop with LP Insurance Services discussing long-term self-funded plan trends and preliminary cost-containment options.

Key issues for Board Discussion:

Fiscal Responsibility & Reserve Protection: Achieving \$1,085,118 in total plan savings and increased revenue directly mitigates rising medical/Rx claims trends and strengthens self-funded reserve levels for 2027.

Employee Impact & Equity: Maintaining a \$0 contribution increase for the "Employee Only" tier minimizes financial impact on individual employees (534 enrollees), while applying a modest \$100/month increase to dependent coverage tiers.

Alignment with Benefit Strategy: The shift in co-insurance (80%/60% to 70%/50%) and co-pays aligns employee cost-sharing with surrounding regional market benchmarks while maintaining essential benefit coverage.

Attachment(s):

DCSD 2027 Possible Plan Changes.pdf

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