



PROSPECT HEIGHTS DISTRICT 23 BOARD OF EDUCATION INFORMATION ITEM

Date: April 10, 2025

Title: Update on the Employee Benefits Renewal through Educational Benefits Cooperative (EBC)

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BACKGROUND INFORMATION AND PROGRAM OVERVIEW:

The Educational Benefit Cooperative (EBC) is an entity created under Illinois state law, which allows school districts to join together for the purpose of purchasing insurance. The EBC, established in 1984, began with eight school districts and has grown to current membership of 120 school districts, 107 individual members and 3 sub pools. Prospect Heights School District 23 has participated in the EBC since 2003.

The purpose of the EBC is to provide economies of scale and risk pooling that allow members greater long-term financial stability than purchasing insurance products individually in the commercial insurance market. Each member district retains the ability to create and change their PPO, HMO, Dental and Life plan design and offerings, which is often required by the nature of bargained contracts. The PPO and Dental plans are self-funded. The HMO is funded on a Cost-Plus funding arrangement and the Life insurance is insured by a third party.

EBC RENEWAL SUMMARY 2025-26:

The full Board and all participating districts meet twice a year to discuss the annual audit and preliminary renewal figures and then again for the final renewal. District 23 participated in the final renewal meeting on March 19, 2025. Following is a brief highlight of the EBC renewal proposal.

The EBC sponsored plans are PPO medical, HMO medical, dental, and life insurance.

- The PPO medical rate projection indicates a rate adjustment of **7.9%**
 - District 23's loss ratio for the PPO is 109.8%
 - Typical market 2025 trend for PPO plans: 8.0%*
- The HMO projection indicates a rate adjustment of **0.2%**
 - District 23's loss ratio for the HMO is 47%
 - Typical market 2024 trend for HMO plans: 7.0%.
- The Dental rating formula produces a rate adjustment of **4.0%**
 - District 23's loss ratio for the Dental Plan is 96.8%
 - Typical market 2024 trend for dental plans: 4.0%*

- The Life/Accidental Death and Dismemberment (AD&D), Supplemental Life and Dependent Life insurance is underwritten by Reliance Standard Life Insurance Company.
 - EBC rates for both Life and Accidental Death & Dismemberment (AD&D) have been guaranteed with no additional increase through 6/30/2027.

* Typical market trend is a forecast of per capita claims cost that takes into account price inflation, utilization, government-mandated benefits, new treatments, therapies and technology. There is usually a high correlation between trend rate and actual cost increases assessed by insurance carriers.

As the District currently has an average loss ratio of over 100%, EBC currently pays more in claims than they are receiving in premiums. We continue to reap the benefit of participation in the Cooperative but will continue to explore additional options for coverages and cost-savings.

We have shared this information with the Finance Committee and will move forward with the new rates beginning July 1st.