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To: The Board of Education and Dr. Patrick Broncato, Superintendent
From: Curt Saindon, Assistant Superintendent for Business Services/CSBO
Date: February 21, 2025
Subject: 2025-2026 Employee Benefits Renewal Update

I attended the EBC Preliminary Renewal Meeting on January 29th in Schaumburg, and we also had Erica Mendoza and Lesley Pasillas from Gallagher Benefits come to our February 4th Insurance Committee Meeting to discuss the highlights of the preliminary renewal proposal. Furthermore, I will be attending the March 19th Final Renewal Meeting in Schaumburg and the subsequent April 8th Insurance Committee Meeting, where we will hopefully develop an Insurance Committee Employee Benefits Recommendation for the April 21st Board Meeting. With Board approval on April 21st, we would then begin our open enrollment period on April 22nd (to run through May 30th) for the new plan year that begins on July 1st. The EBC is an employee benefits insurance purchasing cooperative administered by Gallagher Benefits that we belong to, made up of about 130 school districts and education cooperatives, representing over 40,000 covered members.

Listed below is a brief summary of the plans and services addressed during the preliminary renewal meeting and the initial, estimated premium increases that will occur on July 1st. These increases are subject to change and may go up or down a little bit as part of the final renewal...

Health Insurance

No major changes to the benefits structure or the overall network, but the EBC did complete a Pharmacy Benefits Management (PBM) RFP. They reviewed proposals from Prime Therapeutics (our current PBM), Express Scripts (our prior PBM), and OptumRx (a nationally known PBM). CVSRx (another national PBM) showed some initial interest but decided not to provide a quote. In the end, Prime Therapeutics was chosen to remain as our PBM for the next three years, at a saving to the cooperative of about \$43M over that time. This will help keep renewal increases down and maintain our current Rx network and benefits structure. The average preliminary increase for the EBC PPO plans was 7.0% (the PPO trend is 8%, so the pool's PPO experience was a little better than the industry trend), and our preliminary experience band put us at an 8.0% increase (one band above the pool average). We have been one or two bands above average for several years now and



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are hoping that increased participation in our Biometric Health Screening, along with a more robust Wellness Program, help improve our claims experience and banding. The HMO preliminary increase for the pool was 5.3% (the HMO trend is 7%, so the pool's HMO experience was better than the industry trend) and our preliminary experience band put us at 5.3% (at the average). We had a good/average claims year in the HMO, but as it has less participation than our PPO it will have a smaller impact on our overall health insurance spend. In general, these are both very good preliminary renewal numbers, and they are at or below our estimated increase range of 8%-12%.

Dental Insurance

No change to benefits or network (provided by MetLife Dental) and the preliminary increase for the EBC was 4.1%, whereas the industry trend remained at 4% (the pool had a slightly above average claims year for the dental plan). We have been with MetLife Dental for over 5 years now and they seem committed to keeping our account and have been aggressive in pricing renewals under 5% (other than last year when we realized a 7.3% increase). With an established network and a "mature" account we can hopefully continue to realize increases under 5% going forward.

Life Insurance

No change in rates or coverage (provided through Reliance Standard Life) and the rates have been locked in and extended for two more years (through 6/30/27). We have maintained flat and very competitive life insurance rates for the past several years through the EBC.

Other Services

The only new service we are looking at for next year is a muscular-skeletal (MSK) diagnosis, health and wellness program currently offered through Hinge Health. MSK claims and expenses are the fastest growing area of claims as our member population ages (besides rapidly increasing Rx costs), and Hinge Health is offering to provide a base level of proactive education, wellness and prevention free of charge to our members and then discounted services for therapy, pain management, PT treatment, surgery and rehab, should a covered member need these additional supports/services. There is a specific Pelvic Health Program offered for women, and overall, the program is estimated to cost the cooperative (to be paid for out of general EBC funds) about \$385,000 per year, with anticipated savings to our program of about \$2.65M annually.



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Summary

Here are a few interesting facts regarding our overall Pool activity and the renewal proposal...

1. Specialty Drug and Gene Therapy prescriptions represent just over 1% of pharmacy claims, but they make up over 55% of total drug costs for the pool. That is why it is so important to have an efficient and cost effective Specialty Drug Cost Containment Program (we put one in place last year and by all accounts, it is working very well).
2. We are utilizing generic drugs at about an 87%-89% rate (very good and slightly above the industry average), but we still need to try and improve that number.
3. Our current Prescription Drug Management Program saved the EBC about \$25M this year alone, on a total spend of about \$250M (10% savings), with the new program expected to increase those savings by another \$43M over the next three years...that is an excellent result and will help keep our Rx drug costs in check (the fastest growing area of cost for us)!
4. Autoimmune conditions, Diabetes complications, Depression/Anxiety/Behavior problems, Sleep Disorders, and MSK issues continue to be the leading cost drivers for our drug plan (not counting unique/extraordinary situations that might lead to individual high cost claims).
5. Our high deductible PPO Plan has about a dozen members and will have a few legislated increases in deductibles and out of pocket maximums. This plan has had lower than average increases for a PPO Plan (-.66% this year) and works well for those participating.
6. Finally, we continue to offer various miscellaneous supplemental insurance products and programs (some pre-tax and some after-tax) through a variety of providers, including Voya, Caremark, AllOne, SunLife, MetLife, and a few others.

We will keep you posted as we move through the final renewal process. Please let me know if you have any questions or need additional information. Thank you.