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Approval of FY26 Health Insurance Renewal

The District has completed its review of the health insurance renewal for the upcoming year. While previous years have yielded favorable or flat renewals, the FY26 renewal process occurred within a challenging landscape driven by national market trends and specific utilization patterns within the District.

After a comprehensive market analysis and successful negotiations by the Insurance Committee, the District has secured a revised renewal that mitigates some of the initial projected increases through strategic bundling of benefits.

Market Analysis & Due Diligence

A comprehensive market evaluation was conducted involving 11 different carrier options, including Aetna, Cigna, and various cooperatives. Due to the District's current claims history and utilization profile, alternative carriers declined to provide competitive proposals. Consequently, the strategy focused on optimizing our current position with Blue Cross Blue Shield (BCBS).

Key Factors Driving Costs:

- The District's medical loss ratio is approximately 119%, meaning the insurer pays out roughly \$1.19 in claims for every \$1.00 received in premiums.
- The District is currently experiencing an increase in high-cost claims. This reflects a broader post-COVID trend where deferred care has led to more complex treatments and needs.
- Pharmacy utilization has increased by 14.6%, driven largely by the surge in GLP-1 medications (e.g., Wegovy, Ozempic) and new mandated therapies.

Financial Implications & Strategic Bundling

The final renewal offer from BCBS represented a 31.01% increase, which would have raised monthly premiums from approximately \$223,750 to \$293,124. This represents a monthly variance of roughly \$69,374.

By strategically bundling ancillary benefits with Blue Cross Blue Shield (BCBS), the District negotiated the renewal rate down from the revised 33% offer, securing further discounts.

- Dental Integration - Transitioning Dental to BCBS yields a 1% discount on medical rates.
- Vision Integration - Transitioning Vision to BCBS yields an additional 0.5% discount.
 - *Note:* This move also enhances the vision benefit by replacing the current \$200 reimbursement model with a dedicated plan, removing the administrative burden of filing claims for staff.

Committee Recommendation

The Insurance Committee met to review these financial realities. While ten alternative plan design options were evaluated (ranging from 7.9% to 25% increases), significant changes to deductibles are restricted by the current Collective Bargaining Agreement (CBA).

Therefore, the Committee recommends the approval of the revised renewal with BCBS, incorporating the bundled dental and vision lines to achieve the lowest possible premium increase while maintaining benefit stability.

Future Strategic Planning

Given the complexity of this renewal and the evolving insurance market, the Administration will be working with our broker and the Insurance Committee early in 2026 to discuss ways to ensure the District has the most aggressive advocacy and creative solutions available moving forward.

Proposed Action

The administration and Insurance Committee recommends that the Board of Education approve the Revised Health Insurance Renewal with Blue Cross Blue Shield as presented, including the integration of Dental and Vision benefits.