

**BEMIDJI AREA SCHOOLS
BEMIDJI, MINNESOTA**

DATE: APRIL 28, 2025

TO: BOARD OF EDUCATION, ISD#31

FROM: ASHLEY EASTRIDGE, CPA, DIRECTOR OF BUSINESS SERVICES

SUBJECT: HEALTH INSURANCE PROPOSALS FOR FY2026-FY2027

COMMENTS:

In accordance with the Minnesota Health Insurance Transparency Act (HITA) the Bemidji School District advertised and received proposals for group health insurance for FY2026-2027. This law requires political subdivisions with over 25 employees to solicit health insurance proposals from a minimum of 3 vendors every 24 months. One of these proposals must be from the Minnesota Public Employees Insurance Program (PEIP). (MN 43A.316)

This year the Bemidji School District invited all union presidents to participate or appoint a representative of their respective union to participate on the health insurance committee. On April 2, 2025 the health insurance committee opened proposals from three health insurance providers. The three providers that submitted proposals were, MN Public Employees Insurance Program (PEIP), BCBS Fully Insured, and Sanford Health Plan of MN Fully Insured. It is important to note that the District also sent a request for proposal to three additional providers and they declined to provide a bid due to not being competitive, those were Northwest Service Cooperative, Medica and Sourcewell.

On April 8, 2025 the health insurance committee met to review the proposals and address any concerns that staff might have in relation to the coverage. One of the main concerns that we discussed was the ability to utilize facilities outside of the Sanford Network, such as the Mayo Clinic without an approved prior authorization and how much more are staff members willing to pay in premium to do so. The consensus was that most staff have adjusted their health care needs to what was provided in the Sanford Health Plan networks and would not be willing to pay more in premium to have broader access.

At the end of the April 8th meeting the committee wanted to enter into a second round of negotiations with Sanford Health Plan to determine if they could provide combined rates that would be equal or beneficial to all employee groups and establish a second year rate cap. Previously we had two different premium rates, teachers and non-teachers, due to the teachers' union returning to the District's health insurance plan after being with PEIP (MN 43A.316 Sub 5 (b)).

The results of the health insurance bids with a second round of negotiations with Sanford Health Plan are attached. The combined rates for Sanford Health Plan results in an increase range of 10.5%-13% for non-teachers and 4.3%-6.7% for teachers. The combined rate for Sanford Health is less than the individual rates for both the non-teacher and teacher premium groups, so it

benefits all staff to combine and the combined premiums are less than the bids from the other health insurance providers. Combining the groups will result in having a larger claims pool to help level out drastic changes over time because there will be more low cost claims to offset the high cost claims. Sanford was also able to bid a second year rate cap of 15.9% which was lower than the second year rate cap that BCBS bid.

RECOMMENDATION

The District's health insurance committee recommends that the School Board combine the health insurance premium groups and select Sanford Health Plan as the health insurance carrier.

ACTION:

The motion was offered by _____, seconded by _____ and, carried () to approve the Sanford Health Plan as the district's health insurance carrier for FY2026-2027 and combine the premium groups.

SANFORD HEALTH PLAN							
	Non-Teacher		Teacher		Combined - 2nd Round		
	Single	Family	Single	Family	Single	Family	
Deductible Amt	HITA BID	HITA BID	HITA BID	HITA BID	HITA BID	HITA BID	
\$500 - Focused	904.10	2,260.25	909.84	2,274.61	901.74	2,254.35	
\$500 - Broad	1,127.52	2,818.81	1,134.69	2,836.73	1,126.26	2,815.66	
\$1,000 - Focused	858.75	2,146.89	864.22	2,160.55	856.46	2,141.16	
\$1,000 - Broad	1,070.96	2,677.40	1,077.79	2,694.48	1,068.52	2,671.30	
\$3,500 - Focused	672.85	1,682.13	677.13	1,692.84	671.70	1,679.26	
\$3,500 - Broad	839.13	2,097.83	844.47	2,111.18	837.41	2,093.52	
\$5,000 - Focused	612.40	1,531.00	616.30	1,540.75	611.17	1,527.93	
\$5,000 - Broad	763.74	1,909.36	768.60	1,921.51	761.67	1,904.17	
					Second Year Rate Cap of 15.9%		
PEIP							
	Non-Teacher		Teacher		Combined		
	Single	Family	Single	Family	Single	Family	
Deductible Amt	HITA BID	HITA BID	HITA BID	HITA BID	HITA BID	HITA BID	
Advantage High	1,237.80	3,299.92	1,154.40	3,077.24	1,197.34	3,191.88	
Cost Level 2- \$400							
Cost Level 4 - \$1,500							
Advantage HSA	865.52	2,305.90	807.26	2,150.36	837.26	2,230.44	
Cost Level 2- \$2,250							
Cost Level 4 - \$4,250							
BCBS							
	Combined						
	Single	Family					
Deductible Amt	HITA BID	HITA BID					
\$500 - High Value	1,081.55	2,703.88					
\$500 - Aware	1,200.18	3,000.45					
\$1,000 - High Value	999.49	2,498.72					
\$1,000 - Aware	1,109.19	2,772.97					
\$3,300 - High Value	848.68	2,121.72					
\$3,300 - Aware	941.80	2,354.51					
\$5,000 - High Value	748.76	1,871.92					
\$5,000 - Aware	831.11	2,077.78					
	Second Year Rate Cap of 16.5%						