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Insurance Update

As part of our ongoing commitment to fiscal responsibility and employee well-being, I am beginning a formal review of the District's health insurance brokerage services. Our current plan performance highlights a need for more aggressive claims management and long-term cost containment strategies.

Initial Observations & Financial Health

Recent data indicates significant challenges within our current benefit structure that necessitate a strategic shift:

- A significant portion of our plan costs is being driven by a small number of complex, high-intensity medical cases. This has contributed to a loss ratio that is currently exceeding our premiums, making it a priority for us to explore brokers who offer advanced claims advocacy and specialized risk management.
- Our current loss ratio stands at 117.7%, meaning claims paid out are significantly exceeding premiums paid in.
- Top spending is driven by weight loss (GLP-1s), diabetic, and circulatory medications. Specialty drugs represent only 1.2% of prescriptions but account for 34.5% of our total pharmacy spend.

Broker Transition vs. Benefit Transition

It is important to distinguish between switching the broker and switching the benefits:

- Generally, the Board can change the broker (the consultant) without SEA approval, as the broker is an administrative service provider.
- The process of switching brokers is the first step, but the CBA ensures that the outcome (the actual insurance plan) remains consistent with what was promised to teachers until a new agreement is reached.

Mandated Legal & Collaborative Process

Per Board Policies 2:20 and 4:60, any shift in brokerage services will follow a strict adherence to Illinois law and District standards:

- **Legal Requirements**
 - While professional services like insurance brokerage (often paid via carrier commissions) may not always trigger public bidding if under the \$35,000 direct contract threshold (105 ILCS 5/10-20.21), we will consult with the Board Attorney to confirm compliance before proceeding.
 - All final contracts or Broker of Record (BOR) changes require Board approval.
- **Stakeholder Engagement**
 - I am meeting with the Streator Educator Association (SEA) to discuss these observations and gather their input.
 - No recommendation will be brought to this Board without prior meaningful dialogue with the SEA and the Insurance Committee.

Next Steps

I will continue to research multiple brokerage firms to ensure SES44 receives the best resources in financial analytics, compliance support, and claims advocacy.