

	<p>D.C. Everest Area School District</p> <p>6100 Alderson Street Weston, WI 54476 Phone 715-359-4221 www.dce.k12.wi.us</p> <p>Dr. Kelley Strike Assistant Superintendent of Operations</p>	<p>MISSION STATEMENT</p> <p>D.C. Everest Area School District, in partnership with the community, is committed to being an innovative educational leader in developing knowledgeable, productive, caring, creative, responsible individuals prepared to meet the challenges of an ever-changing global society.</p>
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TO: Dr. Casey Nye, Superintendent
FROM: Dr. Kelley Strike, Assistant Superintendent of Operations
DATE: May 21, 2025
SUBJECT: Direct Primary Clinic and Health Insurance Update

This is an informational update about health insurance and benefits options we are exploring, aligned with our commitment to being a *Great Place to Work*. Like many employers, D.C. Everest is facing substantial increases in healthcare costs while striving to maintain high-quality options for staff.

Our renewal offer from Security Health Plan for 2025 came with a 27.66% increase, tied to a claims loss ratio of 113%. This would have resulted in approximately \$2.8 million in increased premiums for both employees and the District. As a result, we transitioned to Aspirus Health Plan on January 1, 2025.

We have long explored self-funded insurance and will again evaluate this option for the 2026 plan year. Self-funding allows employers to design their own health plans while partnering with a Third Party Administrator (TPA) for claims processing and network access. To mitigate financial risk, the District would also secure stop-loss and aggregate protection coverage.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Cash flow • Potential cost savings • Provides support targeted wellness programs and proactive health initiatives, enhancing employee health • Plan design flexibility • Long-term stability • Additional employer involvement 	<ul style="list-style-type: none"> • Month-to-month claims • Variability = unpredictable costs • Additional employer involvement • Laser risk • Compliance

As we look toward this potential move, it is important to understand that we will need to designate a contingency reserve of money to access in the event that claim costs exceed the estimated budget. It is often recommended to hold 15% - 25% of prior year paid claims in a reserve. In 2024, our total paid claims was \$11,891,293. This would indicate we would need to

designate about \$1.8 - \$3 million in reserve. We could designate a portion of our Fund Balance for this purpose.

In addition to exploring self-funded options, we are also exploring a partnership with a Direct Primary Care (DPC) clinic. DPC clinics offer unlimited access to primary care services for a flat monthly fee, prioritizing proactive care and strong patient-provider relationships without billing insurance. This model reduces costs through fewer ER visits, specialist referrals, and better chronic care, especially impactful in a self-funded plan. Even in a fully insured model, DPC can help slow renewal rate increases.

We have toured three DPC clinics currently operating within our district boundaries, each partnered with multiple area employers. We plan to gather feedback from our Employee Experience Committee and may hold a staff-wide survey or listening session. While DPC is most effective in a self-funded model, it may also be worth considering as an enhancement to our current insured approach. Either way, it represents an investment in both employee well-being and long-term cost sustainability.

We will continue to explore both self-funded insurance options and a potential Direct Primary Care partnership with the goal of balancing quality care, cost sustainability, and employee experience. We will provide more information and/ or seek approval as we evaluate these options further. As part of this process, we may issue a Request for Proposal (RFP) to formally assess DPC providers and ensure the best fit for our district. Thank you for your ongoing engagement and commitment as we navigate these important decisions together.