



APPROVAL OF 2026-2027 INSURANCE RENEWALS February 25, 2026

BACKGROUND

HITA Requirement

In 2014, the legislature enacted the Health Insurance Transparency and Accountability Act (HITA). As a part of this law, the District is required to complete an official bid request for health insurance providers at least once every 24 months. For our renewal, effective July 1, 2026, Hastings Public Schools was required to complete this process.

We received initial proposals from three carriers including Blue Cross Blue Shield (BCBS) our current carrier, HealthPartners, and PEIP (Public Employees Insurance Plan). The proposal from PEIP was not considered as they do not provide a self-funded option. Initial bids were opened on January 9, 2026. After reviewing the initial proposals, the District insurance committee, with the assistance of our benefits consultant, OneDigital, chose to request a best and final proposal from BCBS. The best and final proposal opening took place on February 9, 2026.

On February 18, 2026, the District insurance committee met to discuss the final proposal. After the final review, the committee unanimously recommended continuing with Blue Cross Blue Shield as our health insurance carrier.

HEALTH INSURANCE RENEWAL RECOMMENDATION

Administration, with the support of the insurance committee, is recommending maintaining the District's health insurance plan through Blue Cross Blue Shield (BCBS), with a 6% increase in premiums. This change would be effective beginning July 1, 2026.

Health Insurance Renewal Information

The following components were considered in the renewal recommendation:

Administrative Costs

Administrative costs are the costs paid to the carrier to process and pay insurance claims on the District's behalf. Our renewal includes an increase of 3% with a rate hold for the 2027-2028 plan year.

Stop Loss Coverage

Stop Loss Coverage is the cap at which the District is responsible for claims. Our plan includes stop loss coverage that picks up the cost for all claims that exceed \$225,000, per covered individual. With the renewal from BCBS, due to our claims experience, our stop loss rates will increase by 19.50%. We were able to obtain a second-year rate cap of 19% for the 2027-2028 plan year.

District Health Insurance Reserve

The District's 2026-2027 target insurance reserve is estimated to be just under \$4 million, which is approximately 40% of expected claims. If our claims run at expected, we would anticipate a reserve balance at the end of the 2025-2026 of about \$5.8 million. The recommended 6% increase in premiums is being made with the intent to start to close the gap between the anticipated reserve and the target reserve balance.

DENTAL INSURANCE RENEWAL RECOMMENDATION

The District offers employee dental insurance through a self-funded insurance plan provided through HealthPartners. The District's reserve continues to be very healthy. Our current reserve is at 25.06 months of annualized spend, which is higher than the target reserve. Given this, despite an increase in administrative fees from \$6.95 to \$7.69, administration recommends no change in premiums for the upcoming plan year.

Summary Information

An updated rate sheet reflecting all of the District insurance rates is attached for reference.

Submitted by: Cathy Moen, Director of Human Resources

Date: March 26, 2026

