

# MEMO

DATE: April 7, 2025  
TO: Douglas Eccarius, Superintendent  
FROM: Maureen A. Jones, Assistant Superintendent for Finance & Operations  
SUBJECT: Medical/Dental Insurance Renewal for 2025-26 School Year

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The District is a member of the Educational Benefit Cooperative for medical and dental insurance coverage. The purpose of the EBC is to provide economies of scale and risk pooling that will allow members greater long-term financial stability than purchasing insurance products individually in the commercial insurance market. Each member retains the ability to create and change their PPO, HMO, Dental and Life plan design, which is often required by the nature of bargained contracts.

The cooperative is self-funded for the PPO and dental plans and funded by a cost-plus funding arrangement for the HMO plan. Self-funded plans allow the plan sponsor to bear a greater amount of risk (paid claims), reduce overhead expenses such as insurance company risk charges, and are not subject to state mandated requirements. Self-funding has three basic components, claims, administration, and reinsurance. The cooperative increases, or decreases, premiums annually in anticipation of the increase/decrease in medical claims, insurable lives, administration and reinsurance premiums. Cost-Plus funding has the same basic components as self-funding; claims, administration, and reinsurance *plus* risk charges. The EBC has selected Blue Cross Blue Shield of Illinois as the HMO provider. Blue Cross Blue Shield of Illinois does not offer a self-funded arrangement for their HMO products.

The cooperative exists to mitigate exposure risks for individual district's insurance coverage and to alleviate large swings in insurance premium changes as well as to limit individual district exposure to extraordinary claims through the establishment of a reserve fund and the purchase of specific stop-loss insurance.

The plan year for the District's insurance program runs July 1 through June 30 each year. The EBC held an initial renewal meeting January 29, 2025, at which time preliminary renewal rates for each individual district were provided.

At the preliminary renewal meeting in January, the estimated renewal rates were as follows: an 7.0% increase on the PPO, a 3.3% increase on the HMO, and a 4.1% increase for dental insurance. These original increases were based on actual claim data for the prior 12-month period through October of 2024.

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As part of the preliminary renewal process, the District was notified that the Advocate Medical Group would no longer be part of the HMO IL network (our current network) effective July 1, 2025. We were provided with a list of twenty employees currently enrolled in the HMO plan who hold Advocate as their primary medical group. These employees would be required to select an alternate medical group beginning July 1<sup>st</sup>. In lieu of this, we were presented with the option of changing to the Blue Advantage HMO network for our HMO plan. This would allow the twenty employees to continue to access the Advocate Medical Group. The only major change by changing to this network is that Northwestern hospital would no longer be accessible through the HMO plan without a referral from an HMO primary care provider. By changing to this network, we would be able to reduce the HMO renewal by 3.0% and have access to a larger HMO network as the HMO BA network now carries a larger number of doctors and hospitals.

The insurance committee met to discuss the preliminary renewal on February 10, 2025. The committee has the authority to explore changes in the plan design for medical and dental insurance. The committee strives to maintain premium increases of 10% or less as defined in the teacher's collective bargaining agreement. At this meeting, the committee discussed the recommended change the HMO network and agreed to move forward with this option. The committee also agreed to review changes to plan design for the PPO plan once the final renewal meeting is held and final premium increases presented.

For background, changes to the PPO plan were agreed upon for the 2023-24 fiscal year which included increases to deductibles and out-of-pocket expenses for employees. For the 2024-25 fiscal year, the committee elected to maintain plan design for both the PPO and the HMO plans.

EBC held the final renewal meeting on March 19<sup>th</sup> to present the final renewal. It is customary for renewal rates to vary slightly between the preliminary and final renewal because the underwriters have a few more months of data to base their numbers upon. These final renewal numbers are based on actual claim data for the prior 12-month period through December of 2024.

- The final renewal rates were 6.9% increase on the PPO plan, a 4.2% increase on the HMO plan and a 4.0% increase for dental insurance.
- Trend for the PPO plan was 8.0%; 7.0% for the HMO plan and 4.0% for the dental plan. Trend is a forecast of per capita claims cost that takes into account price inflation, utilization, government-mandated benefits, new treatments, therapies and technologies. The EBC final renewal fell above trend for the HMO and dental coverage and slightly below trend for the PPO coverage.
- D89's claims specifically were in line with the EBC cooperative as a whole for the dental plan. Our experience was better than the EBC cooperative for both the PPO and HMO plans.
- We had estimated a 6.5% increase in healthcare costs for 2025-26 in the financial projections.

The insurance committee discussed several options for plan design changes to the PPO plan in order to minimize the increase in the renewal rate. The committee agreed to increase the Emergency Room co-

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pay to \$150 and then 80% co-insurance if admitted. This reduced the increase in the premium from 6.9% to 6.42%, thereby reducing the costs for both the Board of Education and the employee. The agreed-upon change to the HMO Blue Advantage network also decreased the premium increase for the HMO from 4.2% to 1.2%.

The most recent seven years of renewal increases/decreases for each plan are outlined below:

	<b>PPO</b>	<b>HMO</b>	<b>Dental</b>
<b>7/1/2025-6/30/2025</b>	6.42%	1.20%	4.0%
<b>7/1/2024-6/30/2025</b>	7.30%	6.8%	6.3%
<b>7/1/2023-6/30/2024</b>	9.02%	7.5%	2.6%
<b>7/1/2022-6/30/2023</b>	4.93%	8.01%	3.70%
<b>7/1/2021-6/30/2022</b>	-1.10%	-3.90%	-4.10%
<b>7/1/2020-6/30/2021</b>	6.10%	6.30%	1.30%
<b>7/1/2019-6/30/2020</b>	3.80%	3.30%	3.70%
<b>7/1/2018-6/30/2019</b>	-0.10%	-4.00%	-0.30%

The Business Office has scheduled open enrollment meetings at each school beginning April 22<sup>nd</sup> to have all paperwork ready for a July 1<sup>st</sup> plan start date.

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