



PROSPECT HEIGHTS DISTRICT 23 FINANCE COMMITTEE INFORMATION ITEM

Date: March 3, 2025

Title: Discussion of Preliminary Employee Benefits Renewal through Educational Benefits Cooperative (EBC)

Contact: Amy McPartlin, Assistant Superintendent for Finance & Operations

BACKGROUND INFORMATION AND PROGRAM OVERVIEW:

The Educational Benefit Cooperative (EBC) is an entity created under Illinois state law, which allows school districts to join together for the purpose of purchasing insurance. The EBC, established in 1984, began with eight school districts and has grown to current membership of 128 school districts, 115 individual members and 3 sub pools. Prospect Heights School District 23 has participated in the EBC since 2003.

The purpose of the EBC is to provide economies of scale and risk pooling that allow members greater long-term financial stability than purchasing insurance products individually in the commercial insurance market. Each member district retains the ability to create and change their PPO, HMO, Dental and Life plan design and offerings, which is often required by the nature of bargained contracts. The PPO and Dental plans are self-funded. The HMO is funded on a Cost-Plus funding arrangement and the Life insurance is insured by a third party.

The full Board and all participating districts meet twice a year to discuss the annual audit and preliminary renewal figures and then again for the final renewal.

PRELIMINARY EBC RENEWAL SUMMARY:

District 23 participated in the Pre-Renewal Meeting on Thursday, January 29th. Through the Insurance Committee, District 23 has had further discussions with both Blue Cross - Blue Shield and our EBC representative, Nancy Bellosa to review the current loss ratios and discuss opportunities for cost-savings for the District. Following is a brief highlight of the EBC renewal projection.

The EBC sponsored plans are PPO medical, HMO medical, dental, and life insurance.

- The PPO medical rate projection indicates a rate adjustment of **8%**
 - District 23's loss ratio for the PPO is 109.8%
 - Typical market 2025 trend for PPO plans: 8.0%*
- The HMO projection indicates a rate adjustment of **0.3%**
 - District 23's loss ratio for the HMO is 47%

- Typical market 2024 trend for HMO plans: 7.0%.
- The Dental rating formula produces a rate adjustment of **4.1%**
 - District 23's loss ratio for the Dental Plan is 96.8%
 - Typical market 2024 trend for dental plans: 4.0%*
- The Life/Accidental Death and Dismemberment (AD&D), Supplemental Life and Dependent Life insurance is underwritten by Reliance Standard Life Insurance Company.
 - EBC rates for both Life and Accidental Death & Dismemberment (AD&D) have been guaranteed with no additional increase through 6/30/2027.

* Typical market trend is a forecast of per capita claims cost that takes into account price inflation, utilization, government-mandated benefits, new treatments, therapies and technology. There is usually a high correlation between trend rate and actual cost increases assessed by insurance carriers.

Additionally, the pre-renewal meeting highlighted a new program for EBC called Hinge Health. The Hinge program presents opportunities for patients to receive guidance and treatment for two of the largest medical claim categories: musculoskeletal conditions and pelvic health. Pelvic floor treatments and supports for MSK pain management are provided for both chronic pain and acute injuries. With the goals of reduction in both Opioid Prescriptions and Surgical Treatments leading to lower claim costs.

While the projected increases have not been finalized, the District will continue to encourage participation in EBC sponsored programs including TeleHealth and wellness initiatives in an effort to realize cost savings at the renewal.

NEXT STEPS:

Following further conversations with the Insurance Committee, District 23 will attend the EBC Board Renewal Meeting on March 19, 2025 and I will prepare a recommendation for the Board's action at the April meeting.