



Agenda of Board Workshop

The Board of Trustees McAllen Independent School District

A Board Workshop of the Board of Trustees of the McAllen Independent School District will be held Monday, March 24, 2025, beginning at 5:30 PM Dr. Ricardo Chapa Board Room/Administration Building of the McAllen Independent School District, 2000 North 23rd Street, McAllen, TX 78501.

Items listed on this agenda may be taken in an order other than as shown on this agenda. Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

At this meeting there may be discussion and action by the Board on the item(s) and subject(s) listed as follows:

1. **CALL MEETING TO ORDER**
2. **PUBLIC COMMENT(S)**
3. **2025-2026 THIRD BUDGET WORKSHOP:** **3**
 - Employee Benefits Update
 - Unemployment Compensation Plan
 - Workers Compensation Plan
 - Health/Pharmacy Plan
 - Legislative Updates
 - Item Submitted: Lorena Garcia, Deputy Superintendent Business and Operations
4. **ADJOURNMENT**

If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Government Code, Chapter 551, Subchapters D and E. Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in open meeting.

Pursuant to Texas Government Code 551.127, a member or employee of a governmental body is authorized to participate remotely in a meeting of the governmental body through a videoconference call, as long as a quorum of the governmental body is physically present at the location of the Board Meeting. Any video conference conducted pursuant to this section will comply with the technical requirements of this section.

Pursuant to Texas Government Code 551.129, the Board of Trustees may use a telephone conference call, video conference call, or communications over the internet to conduct a public consultation with its attorney in an open meeting of the governmental body, or, a private consultation with its attorney in closed meeting of the governmental body.

*The notice for this meeting was posted in compliance with the Texas Open Meeting Act on March 14, 2025 by 3:00 P.M.
Natalia Goza
on behalf of the Board of Trustees*

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: March 24, 2025

Attachment:

SUBMITTED BY: JOEL GARCIA
JOEL GARCIA (Mar 10, 2025 16:59 CDT)

SUPERVISOR: Louisa Garcia

Approved for presentation to the Board of Education:

René Gutierrez
RENE GUTIERREZ (Mar 11, 2025 08:19 CDT)

3 _____
Superintendent of Schools

Signature: *Lorena Garcia*
Email: lorena.garcia@mcallsisd.net

Signature: *René Gutierrez*
RENE GUTIERREZ (Mar 11, 2025 08:19 CDT)
Email: RENE.GUTIERREZ@mcallsisd.net

Self – Funded Employee Benefits

Fund 771- Unemployment Compensation

Fund 772- Workers' Compensation

Fund 753- Health/Pharmacy Plan

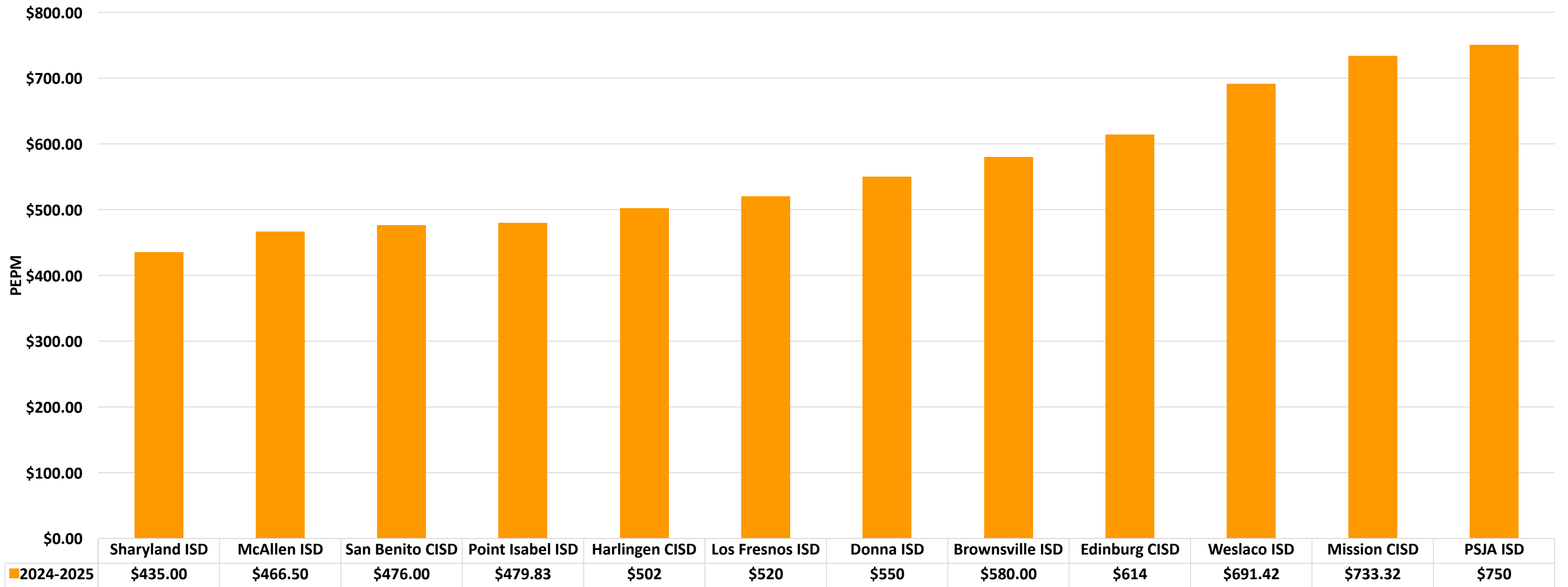
FY 25-26 Funding

Fund 771 Unemployment Compensation	Fund 772 Workers Compensation	Fund 753 Health/Rx
<ul style="list-style-type: none"> ▪ Current Employer Contribution = <ul style="list-style-type: none"> ▪ \$2.60 Per Employee Per Month (PEPM) ▪ Employer Contribution = \$0.50 PEPM ▪ Fund Balance @ 6-30-24 = \$176,064 ▪ Optimum Fund Balance¹ = \$30,237 ▪ Est Fund Balance @ 6-30-25 = \$227,349 	<ul style="list-style-type: none"> ▪ Current Employer Contribution = <ul style="list-style-type: none"> ▪ 0.006763 & 0.000771 ▪ Based on Payroll Classification ▪ Employer Contribution = <ul style="list-style-type: none"> ▪ 0.003382 & 0.000386 ▪ Fund Balance @ 6-30-24 = \$2,394,051 ▪ Optimum Fund Balance² = \$599,136 ▪ EST Fund Balance @ 6-30-25 = \$2,193,297 	<ul style="list-style-type: none"> ▪ Current Employer Contribution = <ul style="list-style-type: none"> ▪ \$466.50 Per Employee Per Month (PEPM) ▪ Employer Contribution = \$521.50 PEPM ▪ Employee Cost Share - TBD ▪ Fund Balance @ 6-30-24 = \$68,496 ▪ Optimum Fund Balance³ = \$6,600,000 ▪ EST Fund Balance @ 6-30-25 = \$797,409 ▪ Cost Containment/Cost Sharing Strategies
<p>¹ Best Practice as established by Administration = 2 Quarters of Claim Expenses</p>	<p>² Best Practice as established by Administration/Benefits Consultant = 20% of Long- & Short-Term Claims Liability</p>	<p>³ Best Practice as established by Administration/Benefits Consultant = 3 Months of Claims Expenses</p>

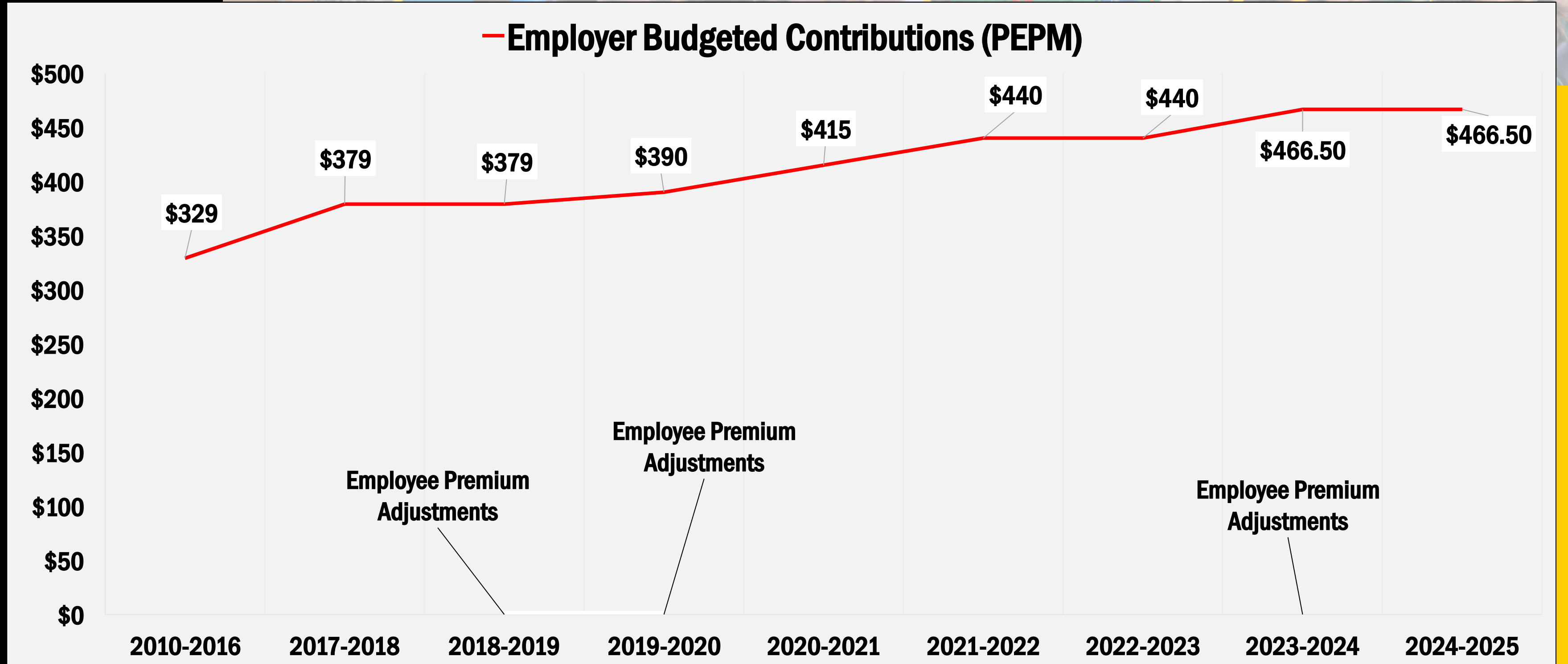
District Contribution

2024-2025

Employer Contribution Comparison



Historical Data



Benefit Plans

Group Name: McAllen ISD	Current	Current	Current
Plans	<u>Basic Plan</u>	<u>High Plan</u>	<u>State Plan</u>
<u>BENEFITS (In-Network)</u>	PPO	PPO	PPO
Deductible Ind/Fam	\$1000/\$3,000	\$500/\$1,500	No Deductible
Co-Insurance	70%/30%	80%/20%	85%/15%
OPX	\$5,000 /\$14,700	\$3,500 /\$10,500	\$500 /\$2,500
PCP Copay	\$30	\$20	\$20
Specialist Copay	\$30	\$20	\$30
ER Copay	\$200	\$150	\$75
IP Admission Copay	\$0	\$0	\$0
<u>PHARMACY</u>	<u>Basic Plan</u>	<u>High Plan</u>	<u>State Plan</u>
Generic	\$7.50/30 day supply	\$7.50/30 day supply	\$7.50/30 day supply
Preferred Brand Drugs	\$25.00/30 day supply	\$25.00/30 day supply	\$25.00/30 day supply
Non-Preferred Brand Drugs	\$45.00/30 day supply	\$45.00/30 day supply	\$45.00/30 day supply
Specialty Drugs	Subject to applicable generic, preferred brand, or non-preferred brand drug copay	Subject to applicable generic, preferred brand, or non-preferred brand drug copay	Subject to applicable generic, preferred brand, or non-preferred brand drug copay

Current Enrollment/Cost

<u>Basic Plan</u>	<u>Enrollment</u>	<u>Employee</u>
Employee Only	1667	\$ 65.00
Employee + One Child	176	\$ 244.00
Employee + (3) Children	157	\$ 436.00
Employee + Spouse	45	\$ 543.00
Employee + Family	136	\$ 733.00
(2) Employed + Family	<u>45</u>	<u>\$ 335.00</u>
Monthly Total	2226	

<u>High Plan</u>	<u>Enrollment</u>	<u>Employee</u>
Employee Only	282	\$ 146.00
Employee + One Child	73	\$ 330.00
Employee + (3) Children	73	\$ 532.00
Employee + Spouse	9	\$ 762.00
Employee + Family	30	\$ 918.00
(2) Employed + Family	<u>33</u>	<u>\$ 511.00</u>
Monthly Total	500	

<u>State Plan</u>	<u>Enrollment</u>	<u>Employee</u>
Employee Only	20	\$ 284.00
Employee + One Child	3	\$ 572.00
Employee + (3) Children	0	\$ -
Employee + Spouse	7	\$ 723.00
Employee + Family	6	\$ 1,112.00
(2) Employed + Family	<u>0</u>	<u>\$ -</u>
Monthly Total	36	

<u>Alternate Plan</u>	<u>Enrollment</u>	<u>Employee</u>
Employee Only	<u>288</u>	\$ -
Monthly Total	288	\$ -

Total Enrollment: 3050

Funding/Expenses

25-26 Projected Cost	\$	30,000,000.00
25-26 Projected Revenue (No Changes)	\$	23,911,788.00
25-26 Rx Rebates	\$	1,200,000.00
25-26 Projected Shortfall +/-(-)	\$	<u>(4,888,212.00)</u>

Employer Adjustment Scale (PEPM)	
\$25.00	\$ 915,000.00
\$50.00	\$1,830,000.00
\$55.00	\$2,013,000.00
\$75.00	\$2,745,000.00
\$100.00	\$3,660,000.00
\$125.00	\$4,575,000.00

Current census as of Dec 2024: 3050 members

McAllen ISD Employer Contribution: \$466.50 PEPM
Average Employer Contribution: \$567.00 PEPM

Single Plan Public Entities

Name	Individual/Family	Plan Type
Edinburg CISD	\$1,000/\$3,000	PPO
Sharyland ISD	\$1,250/\$2,500	PPO
City of Harlingen	\$1,750/\$3,500	EPO
City of Brownsville	\$1,000/\$2,000	PPO

McAllen ISD	Individual/Family	Plan Type
Current	\$1,000/\$3,000	PPO
Option	\$1,250/\$3,750	PPO

340B RX Mail Program

340B is a federal program that allows eligible providers to buy medications at deeply discounted prices

Hospital pharmacies can fill prescriptions using medication purchased under the 340B program if they meet one of these conditions:

- The prescription is written for a hospital patient
- The patient is a hospital employee
- The prescriber is affiliated with the hospital
- The patient has an annual telehealth visit with a hospital pharmacist

We have identified 42 members and 156 prescriptions that could be moved to the 340B program.
Annual savings is approximately \$250K

Rx Cost Sharing Examples

District	Specialty Drug Copay Structure
San Benito CISD	50% Rx copays will apply after \$100 Rx deductible
Weslaco ISD	10% copay up to \$100max/prescription, deductible doesn't apply
Mission CISD	25%, \$150 max; deductible does not apply
PSJA ISD	10% co-insurance, up to \$100 max; deductible does not apply
Sharyland ISD	Greater of \$100 copay or 10%
Harlingen CISD	\$65 copay
Los Fresnos CISD	\$100 copay/prescription; deductible does not apply
Edinburg CISD	\$10/\$45/\$65; \$50 deductible per calendar year
Point Isabel ISD	\$5/\$30/\$50; deductible does not apply
Brownsville ISD	20% co-insurance; deductible does not apply
McAllen ISD	\$7.50/\$25/\$45; deductible does not apply
Donna ISD	10%, up to \$100

Rate Increase Scenario

<u>Basic Plan</u>	<u>Enrollment</u>	<u>Current/Mo</u>	<u>Increase/Mo</u>	<u>Proposed</u>
Employee Only	1969	\$65.00	\$9.75	\$74.75
Employee + One Child	252	\$244.00	\$36.60	\$280.60
Employee + (3) Children	230	\$436.00	\$65.40	\$501.40
Employee + Spouse	61	\$543.00	\$81.45	\$624.45
Employee + Family	172	\$733.00	\$109.95	\$842.95
(2) Employed + Family	<u>78</u>	<u>\$335.00</u>	\$50.25	<u>\$385.25</u>
Monthly Total	2762			\$6,556,132.00

***Additional Revenue: \$155,000**

*25-26 Employee Contribution = \$6,556,132
 24-25 Employee Contribution = \$6,401,244
 Difference = \$155,000

Potential Strategies

No.	Target Area	Strategy	Pros (P) Cons (C)	Budget	Est Savings/ ROI	Timeline	Remarks
1	Medical Plan	Employer Contribution Increase to \$521.50 PEPM (\$55 PEPM)	P- Increases funding, Aligns with the surrounding School Districts C-Budget Considerations	\$2,013,000	–	7/1/2025	Surrounding School Districts Average Contribution: \$567 PEPM
2	Medical Plan	Employee Contribution Premium Increase (Base Plan- 15% All Tiers)	P- Increases funding C-Employee Dissatisfaction; Impacts all members regardless of utilization	\$155,00	–	1/1/2026	Percent increase capped to maintain ACA Affordability & Single Plan Model
3	Medical Plan	Discontinue State Plan	P- Containment of Medical Cost, Benefit Simplification, Two Plan Options C-Employee Dissatisfaction (36 members)	None	\$500,000	1/1/2026	Contain Medical Costs, Administrative Simplification & Predictability
4	Medical Plan	Discontinue State Plan & High Plan (Single Plan Model)	P- Containment of Medical Cost, Benefit Simplification C-Employee Dissatisfaction (536 members), Lower Revenue, One Plan Option	None	\$3,500,000	1/1/2026	Contain Medical Costs, Administrative Simplification & Predictability

Potential Strategies

No.	Target Area	Strategy	Pros (P) Cons (C)	Est Cost	Est Savings/ ROI	Timeline	Remarks
5	Medical Plan	Increase Basic Plan deductibles, Spec Copay/IP Hosp Copay (increases TBD)	P- Containment of Medical Cost, Cost impact limited to utilizers C-Employee Dissatisfaction from increase OOP expenses	None	\$1,250: \$230K \$1,500: \$460K \$1,750: \$690K \$2,000: \$920K	1/1/2026	Savings based on option selected (Deductible, Specialist Copay, IP Admission Copay)
6	Pharmacy Plan	Establish a 4 th Rx Tier Co-Insurance Tier for Certain GLP1 drugs	P- Containment of Pharmacy Cost; Limited Drug Applicability C-Increased OOP - Employee Dissatisfaction (112) estimated members	None	\$185,000 - 20% \$278,000 - 30%	7/1/2025	Limited to GLP1 drugs not sourced through the Personal Importation Program only. The district must give a 60-day notice if an off cycle change (Currently only Mounjaro)
7	Pharmacy Plan	Implement 340B Rx Mail Program	P- Containment of Pharmacy Cost; Limited Employee Disruption C-Employee Dissatisfaction – Mail Order program with annual telehealth visit required (42) estimated members	None	\$250,000	7/1/2025	340B is a federal program that allows eligible providers, primarily hospitals, to buy medications at deeply discounted prices. The district must give a 60-day notice if an off cycle change.

Recommendations

Strategy No.	Description	Impact	Balance
	Projected Plan Year 25-26 Shortfall		(\$4,888,212)
1.	Employer Contribution Increase (\$55 PEPM)	\$2,013,000	(\$2,875,212)
2.	Employee Rate Increase (One Plan Model -15%)	\$155,000	(\$2,720,212)
4.	Single Plan Offering (Basic Plan Only)	\$3,500,000	\$779,788
5.	Benefit Plan Changes (\$1,250/\$3,750 Ded, et al.)	\$230,000	\$1,009,788
6.	GLP-1 Rx Coinsurance (30%)	\$278,000	\$1,287,788
7.	340B Rx Mail Program	\$250,000	\$1,537,788

Cost/Savings Projections

25-26 Projected Cost	\$ 30,000,000.00
25-26 Projected Revenue (No Changes)	\$ 23,911,788.00
25-26 Rx Rebates	\$ 1,200,000.00
25-26 Projected Shortfall +/-(-)	<u>\$ (4,888,212.00)</u>
Employer/Employee Contributions	
Employee Adjustment	\$ 155,000.00
Employer Adjustment	\$ 2,013,000.00
25-26 Estimated Contribution	<u>\$ 2,168,000.00</u>
Plan Design Changes	
Single Plan Offering	\$ 3,500,000.00
Benefit Plan Changes	\$ 230,000.00
GLP-1 Rx Coinsurance	\$ 278,000.00
340B Rx Mail Order Program	\$ 250,000.00
25-26 Estimated Savings	<u>\$ 4,258,000.00</u>
25-26 Adjusted Projected Shortfall +/-(-)	<u>\$ 1,537,788.00</u>

Other Cost Containment

- **Exploring Direct Provider Contracts (Negotiated Fee Schedule between District & Provider)**
 - Imaging Centers
 - Urgent Care Providers
 - Physical Therapy Providers
 - Primary Care Providers
- **Develop an MISD Specific Provider Network**

HMO vs PPO

HMO

PROS OF A HEALTH MAINTENANCE ORGANIZATION (HMO)



- Lower premiums
- Low or no deductible

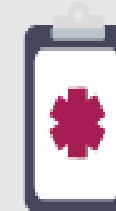
CONS OF A HEALTH MAINTENANCE ORGANIZATION (HMO)



- Usually required to select a Primary Care Physician (PCP)
- PCP referral typically required for care from a specialist
- No non-emergency coverage outside of network

PPO

PROS OF A PREFERRED PROVIDER ORGANIZATION (PPO)



- No need to select a Primary Care Physician (PCP)
- No referral needed to see a specialist
- Usually some out-of-network coverage

CONS OF A PREFERRED PROVIDER ORGANIZATION (PPO)



- Higher premiums
- Usually have a deductible

Request For Proposals

Medical Administration & Related Services

- Open - 4/16/25
- Closes -5/14/25
- Award - August
- Effective Date 01/01/26

Pharmacy Benefit Management

- Open - 4/30/25
- Closes -5/21/25
- Award - August
- Effective Date 01/01/26

Dental - TBD

Legislative Update

- The United States Department of Education is facing restructuring, announcing Tuesday evening that nearly 50% of the DOE workforce is being laid off.
- Eliminating the department would require congressional action.
- The announcement assured that DOE will continue to administer all statutory programs of the agency, including formula funding, student loans, Pell Grants, funding for special needs students, and competitive grant-making.
- President Donald Trump addressed the cuts, saying, "The dream is we're going to move the Department of Education - we're going to move education into the states, so that the states, instead of bureaucrats working in Washington, so that the states can run education."
- President Donald Trump issued an executive order on Jan. 29 that directs several federal government agencies to redirect funds in support of school choice.
- Within 60 days, the secretary of education is instructed to "issue guidance regarding how States can use Federal formula funds to support K-12 educational choice initiatives."



Questions?