



- A – Request decision – closure required
- B – Update/status report
- C – Discussion and input – final decision at a subsequent meeting

School Board Meeting
Monday, May 12, 2025
AGENDA

1. **Call to Order (1 minute)**
2. **Pledge of Allegiance (1 minute)**
3. **Approve Board Agenda (1 minute)**
4. **Labor Relations & Benefits (30 minutes)**
 - 4.A. Setting Health Insurance Premiums/Rates (30 minutes) - A
Dr. Jennifer Cherry, Executive Director of Human Resources, Todd Mensink, Director of Labor Relations & Benefits
- Appendix A 2
- Appendix B 3
5. **Adjourn**

DATE: May 12, 2025
 TO: School Board Members
 FROM: Todd Mensink, Director of Labor Relations & Benefits
 RE: 2025-2026 Insurance Rates

School board approval is requested for the monthly rates listed below for our self-insured health/hospitalization and dental insurance plans for the September 1, 2025 through August 31, 2026 plan year.

2025-26 Anoka-Hennepin Insurance Rates

	Enrolled April 1, 2025	2024-25 Monthly Rates	Proposed 2025-26 Monthly Rates	Percent Increase	Increase - Dollars/mo.
Health & Hospitalization Self-Insured: MEDICA					
<i>Medica VantagePlus 80/20 - ACO Network</i>					
Single	603	\$810	\$970	19.8%	\$160
Family	183	\$2,105	\$2,520	19.7%	\$415
<i>Medica Elect 80/20 - Designated Primary Care Network</i>					
Single	340	\$835	\$1,000	19.8%	\$165
Family	201	\$2,200	\$2,635	19.8%	\$435
<i>Medica Choice 80/20 - Open access network</i>					
Single	1293	\$855	\$1,050	22.8%	\$195
Family	773	\$2,270	\$2,790	22.9%	\$520
<i>Medica Choice Copay - Open access network</i>					
Single	721	\$1,020	\$1,255	23.0%	\$235
Family	222	\$2,780	\$3,420	23.0%	\$640
Enrollment Totals					
Single	2958				
Family	1379				
Total subscribers	<u>4337</u>				

Dental Self-Insured:

Delta Composite Rate	5100	\$85	\$90	5.88%	\$5
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The rate recommendations above have been established using projected claims and other expenses for Anoka-Hennepin's health and dental self-insurance funds as calculated by AON. School District contributions to health plans vary by bargaining unit and range from \$810-850 for single coverage and from \$515-1290 for family coverage. Groups with open contracts may still negotiate higher contributions.



INSURANCE PLANS AND RATES FOR 2025-26 FINAL READING

*Dr. Jennifer Cherry, Executive Director of Human Resources
Todd Mensink, Director of Labor Relations & Benefits
Josh Johnson, Senior Vice President / Health Solutions - AON*

May 12, 2025

RATE SETTING OVERVIEW



- As a self-insured district - The district pays own insurance claims, and sets own premium rates.
- Premiums are established to:
 - Cover expenses (claims, stop-loss insurance, admin fees).
 - Maintain an acceptable reserve to cover variance in claims and runout expenses.
- Consultants at Aon provide analysis to establish rate recommendations.
- Claims projections, administrative fees, stop-loss insurance, rebates, discounts, and other costs associated with administering the plan are included in the analysis.



ANOKA-HENNEPIN DENTAL INSURANCE RATES



25-26 Dental Underwriting

Claims thru Feb 2025

	Mar 2023 - Feb 2024	Mar 2024 - Feb 2025
Claims & Enrollment		
Gross Aggregate Paid Claims	\$5,327,653	\$5,343,941
Plan Change(s)	1,000	1,000
Adjusted Paid Claims	\$5,327,653	\$5,343,941
Enrollment	62,175	61,353
PEPM Claim Cost (prior to trend & plan adjustments)	\$85.69	\$87.10
Adjustments		
Annual Trend	4.0%	4.0%
Months of Trend Applied (midpoint to midpoint)	30.0	18.0
Applied Trend Factor (multiplicative)	1.103	1.061
PEPM Claim Cost (post trend & adjustments)	\$94.52	\$92.38
Experience Period Weighting	50%	50%
Plan Year 25-26 (Per Employee Per Month)		
Total Projected Dental Claims	\$93.45	
Administrative Fee	\$4.85	
Total Premium Requirement	\$98.30 (+15.6%)	

Current Plan Year	
Total Premium	\$85
District Contribution	\$80
EE Contribution	\$5

Budget Rates vs Reserve Spend	
'25 - '26 Plan Year	
Premium Requirement	\$98.30
Required Increase	\$13.30
Reserve deficit w/ no increase *	\$801,000

* At current enrollment of 5,091 employees

DENTAL INSURANCE RECOMMENDATION, 2025-26



- Due to a very high fund balance, We have not increased dental rates in several years.
- Dental reserves remain higher than the suggested target level, but are projected to fall below the target level in 2026 if not increased.
- District Administration recommends increasing Dental Rates by \$5 per month, to \$90.



ANOKA-HENNEPIN HEALTH INSURANCE RATES



ANOKA-HENNEPIN INSURANCE PLANS, 2025-26

Third party administrator: Medica

Plan	Projected enrollment	Plan design	Network
Choice Copay	Single: 721 Family: 222	Deductible: None Copay: \$25 - \$100	Open
Choice 80/20	Single: 1293 Family: 773	Deductible: \$1,500 single/ \$3,000 family Coinsurance: 20%	Open
Elect 80/20	Single: 340 Family: 201		Mid-sized - Allina, Riverway, Park-Nicollet, others
VantagePlus 80/20	Single: 603 Family: 183		Narrow - M-Health Fairview



Executive Summary

Medical Pricing – Status Quo

25-26 Forecasted Increase

22.0% Overall

\$295 Per Employee Per Month

\$15.3M Annual

Market Trends

8.0% Medical Claims

13.0% Rx Claims

9.3% Overall Trend

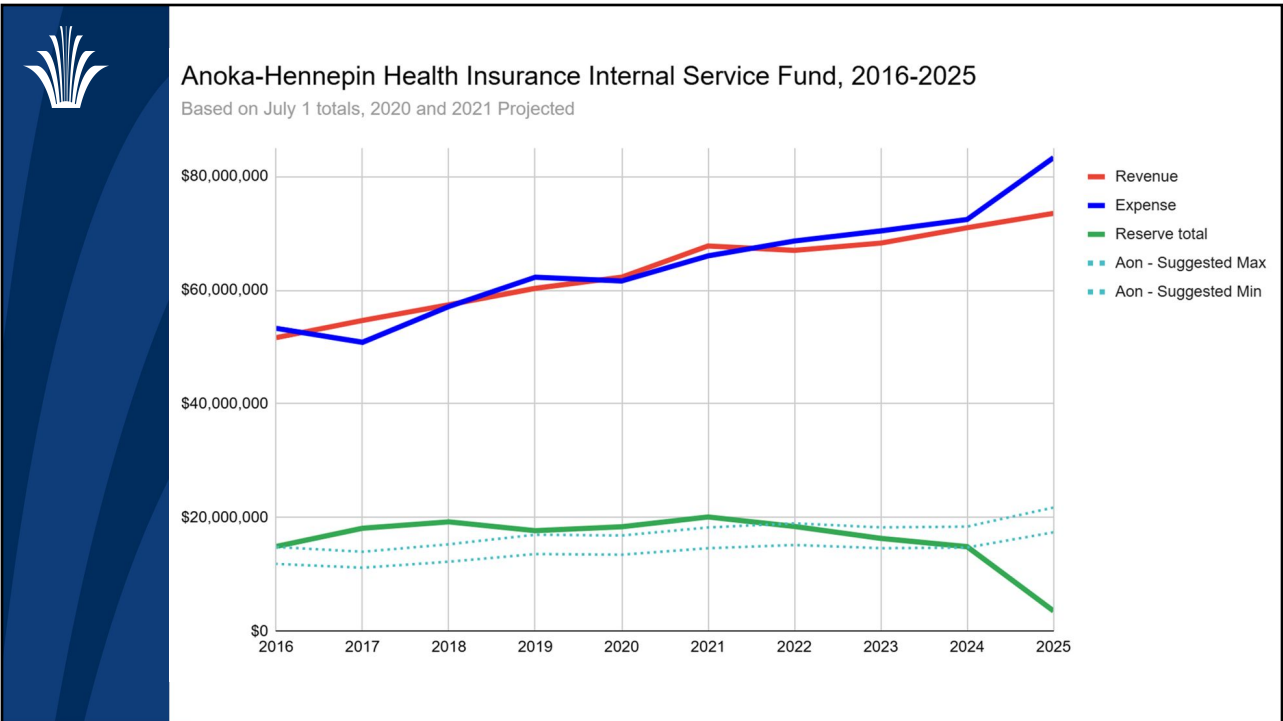
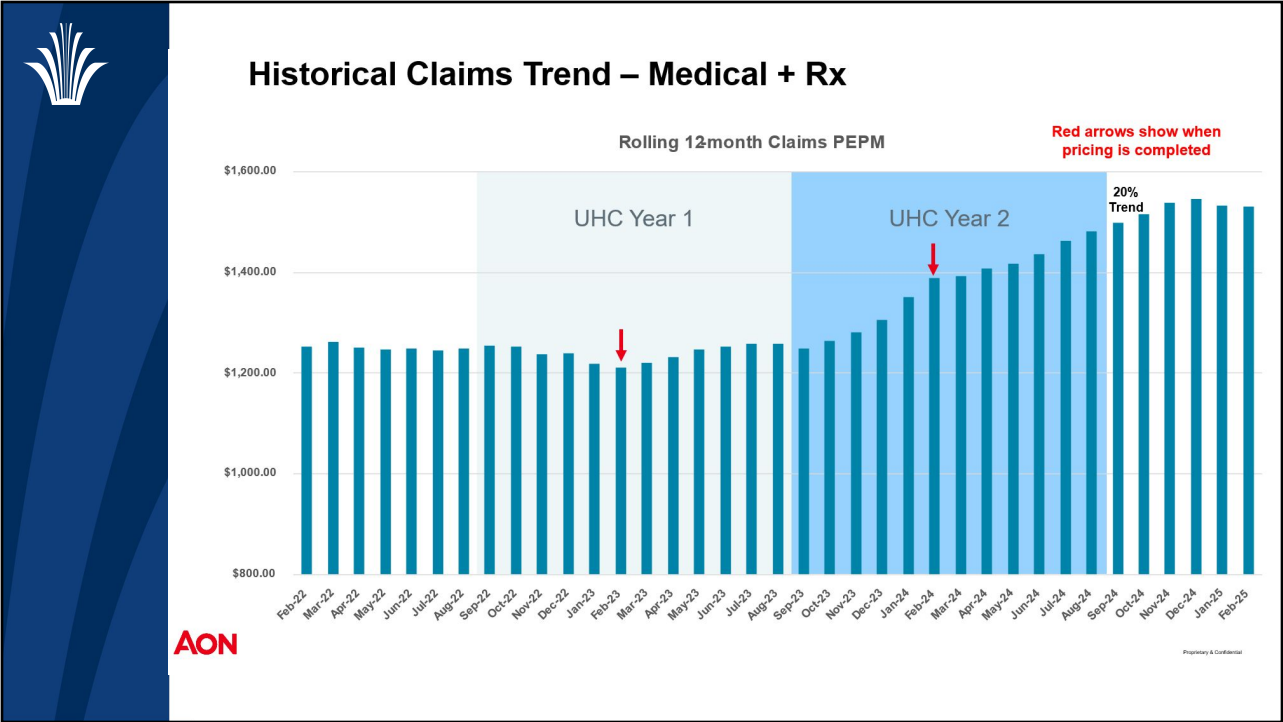
Key Observations

- 1 Drug trends continue to increase due to specialty medications and GLP-1s
- 2 Experience in the second half of last plan year deteriorated badly
- 3 The prior plan year was an outlier in terms of high-cost claimant severity, particularly among children.

Methodology

Projection utilizes historical data to forecast '25-'26 expected costs.

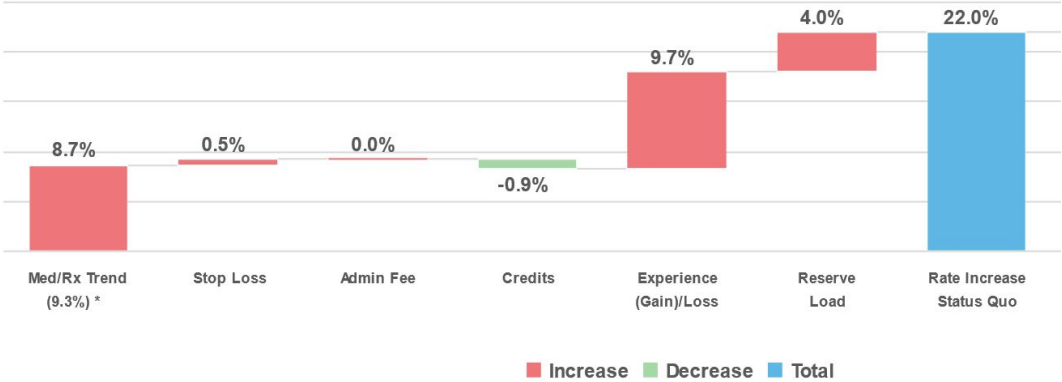
This point in time estimate has been developed to help directionally understand projected cost and is subject to change based on changes to enrollment population risk, etc.





25-26 Medical/Rx Underwriting Results

Increase Components



* 9.3% aggregate claims trend produces 8.7% increase to premiums



COST CONTAINMENT

Considerations



25-26 Plan Design Changes & Pricing Impacts

Plan	Version	Description	Rate Action	Cost Savings
80/20	Status Quo	Deductibles \$1500/\$3000, OOPM \$3000/\$6000 20% coinsurance, Rx Copays \$10/\$25/\$50/\$200	-	-
80/20	Scenario #1	Rx copays are subject to deductible	0.3%	\$200,000
80/20	Scenario #2	Rx copays increased to \$20/\$40/\$80/\$250	0.3%	\$230,000
80/20	Scenario #3	Deductible increased to \$1600/\$3200, OOPM to \$3200/\$6400	0.5%	\$320,000
80/20	Scenario #4	Deductible increased to \$1800/\$3600, OOPM to \$3600/\$6400	1.3%	\$910,000
80/20	Scenario #5	Deductible increased to \$2000/\$4000, OOPM to \$4000/\$8000	2.1%	\$1,480,000
80/20	Scenario #6	Coinsurance increased to 30%	0.3%	\$220,000
80/20	Scenario #7	Scenarios 1, 2, 5, 6 combined	3.1%	\$2,200,000
All Plans	Scenario #8	Remove GLP-1 coverage for weight loss	3.6%	\$2,500,000

** Based on modeling from Medica (assumes 25% rebates on weight loss GLP-1s)*

AON

Proprietary & Confidential

RATE SETTING-KEY POINTS



- Overall premiums need to increase by 22% (\$15.4 million) to cover expenses and stabilize the reserve.
- Plan design changes, including the elimination of GLP-1 Coverage and increases to out of pocket costs were shared with the Insurance Committee on April 23 as options to offset some of the premium increase.
- Committee members sought input from their respective employee groups before providing additional feedback with administration via a google form.
- There was not consensus with regard to implementing plan design changes which may impact the aggregate value of benefits.



HEALTH INSURANCE RATE RECOMMENDATION



2024-25 HEALTH INSURANCE PREMIUMS

Single	Monthly premium	District share	Employee share	Employee per check	% paid By District
ChoicePlus Copay	\$1,020	\$810	\$210	\$126	79%
ChoicePlus 80/20	\$855	\$810	\$45	\$27	95%
Elect 80/20	\$835	\$810	\$25	\$15	97%
VantagePlus 80/20	\$810	\$810	\$0	\$0	100%
Family					
ChoicePlus Copay	\$2,780	\$1,515	\$1265	\$756	54%
ChoicePlus 80/20	\$2,270	\$1,515	\$755	\$453	67%
Elect 80/20	\$2,200	\$1,515	\$685	\$411	69%
VantagePlus 80/20	\$2,105	\$1,515	\$590	\$354	72%

DISTRICT CONTRIBUTIONS, 2025-26



- The district negotiated a 5% increase to health insurance premiums with bargaining groups whose contracts were settled last year:
 - Single: \$850 / month
 - Family: \$1,590 / month
 - Dual spouse: \$2,440 / month
- 8 bargaining groups currently have open contracts, and may or may not end up agreeing to the standard contributions shown above.
- For demonstrative purposes, these contributions will be used as they reflect the current budgeted increase.

OPTIONS TO CONSIDER



Option 1: 22% increase to all plans

Option 2: 23% increase to Choice Plans
20% increase to Elect and VantagePlus Plans



OPTION 1 - 22% increase on total premium, all plans

Single	Monthly premium	District share	Employee share	Employee per check	Change per check	% paid By District
Choice Copay	\$1245	\$850	\$395	\$237	\$111	68%
Choice 80/20	\$1045	\$850	\$195	\$117	\$90	81%
Elect 80/20	\$1020	\$850	\$170	\$102	\$87	83%
VantagePlus 80/20	\$990	\$850	\$140	\$84	\$84	86%
Family						
Choice Copay	\$3,390	\$1,590	\$1,800	\$1080	\$321	47%
Choice 80/20	\$2,770	\$1,590	\$1,180	\$708	\$255	57%
Elect 80/20	\$2,685	\$1,590	\$1,095	\$657	\$246	59%
VantagePlus 80/20	\$2,570	\$1,590	\$980	\$588	\$234	62%



OPTION 2 - 23% Choice, 20% Elect AND Vantage+

Single	Monthly premium	District share	Employee share	Employee per check	Change per check	% paid By District
Choice Copay	\$1255	\$850	\$405	\$243	\$117	68%
Choice 80/20	\$1050	\$850	\$200	\$120	\$93	81%
Elect 80/20	\$1000	\$850	\$150	\$90	\$75	85%
VantagePlus 80/20	\$970	\$850	\$120	\$72	\$72	88%
Family						
Choice Copay	\$3,420	\$1,590	\$1,830	\$1098	\$339	46%
Choice 80/20	\$2,790	\$1,590	\$1,200	\$720	\$267	57%
Elect 80/20	\$2,635	\$1,590	\$1,045	\$627	\$216	60%
VantagePlus 80/20	\$2,520	\$1,590	\$930	\$558	\$204	63%

Recommendation - Option 2



- Increasing the Vantage Plus and Elect Plans less than the Choice Plans provides a lower priced option while bringing our plans closer to the suggested cost decrement.
- Introducing plan design changes that may result in a reduction in the aggregate value of benefits is not recommended without the consensus of all bargaining groups.

NEXT STEPS



- **May 27 - June 11** - open enrollment.
- **September 1** - new plan year begins.



RATE RECOMMENDATION:

Coverage Type	Plan	Monthly Premium Single	Monthly Premium Family
Health and Hospitalization	Choice Copay	\$1,255	\$3,420
	Choice 80/20	\$1050	\$2,790
	Elect 80/20	\$1000	\$2,635
	VantagePlus 80/20	\$970	\$2,520
Dental	Delta Dental	\$90	



THANK YOU

Comments and questions?