

MEMO

DATE: April 9, 2026
TO: Douglas Eccarius, Superintendent
FROM: Maureen A. Jones, Assistant Superintendent for Finance & Operations
SUBJECT: Medical/Dental Insurance Renewal for 2026-27 School Year

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 28, 2026, 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: a 16.8% increase on the PPO, a 15.4% increase on the HMO, and a 4.4% increase for dental insurance. These original increases were based on actual claim data for the prior 12-month period through October of 2025.

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The insurance committee met to discuss the preliminary renewal on February 10, 2026. 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 7.5% or less as defined in the teacher’s collective bargaining agreement. At this meeting, the committee discussed potential changes to plan design for both the PPO and HMO plans 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. In 2025-26, the committee agreed to increase the PPO Emergency Room co-pay to \$150 and then 80% co-insurance if admitted. In 2025-26 the committee also agreed to switch to the HMO Blue Advantage network.

EBC held the final renewal meeting on March 19th 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 2025.

- The final renewal rates were 16.2% increase on the PPO plan, a 15.4% increase on the HMO plan and a 3.9% increase for dental insurance.
- Trend for the PPO plan was 9.2%; 8.5% for the HMO plan and 4.5% 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 PPO and HMO coverage and slightly under trend for the dental plan.
- 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 14.0% increase in healthcare costs for 2026-27 in the financial projections that were presented to the Board in February, since we already had the preliminary numbers.

The insurance committee discussed several options for plan design changes to both the PPO and HMO plans in order to minimize the increase in the renewal rate. The committee agreed to the following change to plan design:

- 1) PPO
 - a. Change deductible to \$750 Individual / \$1500 Family In-Network and \$1500 Individual / \$3000 Family Out-of-Network.
 - b. Change out-of-pocket limit to \$1500 Individual / \$3000 Family In-Network and \$3000 Individual / \$6000 Family Out-of-Network.
 - c. Change Emergency copay to \$300, then paid at 80% – copay waived if admitted.
- 2) HMO
 - a. Change office visit copays from \$20 copays to \$30 copay for PCP and \$60 Specialist

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- b. Change Emergency copay to \$200 then 100% covered; copay waived if admitted
- c. Change Prescription drugs copays from \$10 Generic/\$25 Formulary/\$50 Non-Formulary - 2x mail order to \$15 Generic/\$30 Formulary/\$70 Non-Formulary - 2x mail order

These agreed-upon changes resulted in a decrease of the HMO renewal to 12.2% and the PPO renewal to 13.65%. While these increases are less than ideal, we are appreciative of the insurance committee’s dedication to working together to find solutions to realize cost savings for the Board as well as our staff members.

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

	PPO	HMO	Dental
7/1/2026-6/30/2026	13.65%	12.2%	3.9%
7/1/2025-6/30/2025	6.42%	1.20%	4.0%
7/1/2024-6/30/2025	7.30%	6.8%	6.3%
7/1/2023-6/30/2024	9.02%	7.5%	2.6%
7/1/2022-6/30/2023	4.93%	8.01%	3.70%
7/1/2021-6/30/2022	-1.10%	-3.90%	-4.10%
7/1/2020-6/30/2021	6.10%	6.30%	1.30%
7/1/2019-6/30/2020	3.80%	3.30%	3.70%
7/1/2018-6/30/2019	-0.10%	-4.00%	-0.30%

The Business Office has scheduled open enrollment meetings at each school beginning May 12th to have all paperwork ready for a July 1st plan start date. Please recall that the Board also voted to add a third insurance plan, a High Deductible Health Plan, for the 2026-27 school year. We are hopeful that some of our employees will choose to move over to that plan during open enrollment as that plan will save employees and the Board roughly 23% over the current PPO premiums.

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