MarshMcLennan Agency

Village of Orland Park 2026 Renewal

Bobby Dufkis, Principal / Maryann Mileto, Account Executive / Melissa Kupski, Account Manager

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Agenda

1 Ancillary Renewals

2 Medical Renewal Overview

3 Renewal Projection

4 Open Enrollment Decisions


Ancillary Renewal
Dental Renewal | Optional Programs

Ancillary Executive Summary

- Vision Renewal – BCBS is not requesting any change in rate or plan design for 2026
  - A request to reduce current rates was denied
- Life/Voluntary Life/Disability Renewal – BCBS is not requesting a change in rate or plan design for 2026
  - A request to reduce current rates was denied
- BCBS dental renewal is requesting a minimal increase for 2026. Administration fee remains flat at $5.31 PEPM
  - Claim cost for 2025 were projected to be $91.51. 2026 projected claim cost is $91.76 for an annual increase of just under $1,000
  - 2025 Projected cost were $363,655. Premium equivalents totaled $330,935 or fall short by 9% of funding projected cost

2026 Revised Medical Renewal Projection

State of the Market

Average Trend Increase for 2026:

6.5%
Medical

12%
Pharmacy

Average Overall Increase for 2026 Renewals:

16%
Public Sector

17%
Private Sector

Several reasons for higher-than-usual trend and increases are:

- Advances in specialized treatments
- Increased overall utilization, returning to pre-pandemic rates
- Increased mental health services
- New high-cost drugs coming to market
- High utilization of GLP-1
- Unprecedented number of high-cost claimants

Medical Executive Summary

- BCBS initial renewal request was a blended 16.88% increase or $1,027,072 annually.
  - Individual stop loss (ISL) was responsible for largest portion of increases. PPO and HMO ISL increased 50%.
  - Claim cost increased 4.1% on the PPO and 9.4% on the HMO.

- Rate relief was granted reducing the administration fee -1.5% and stop loss fee -10%.
- Revised renewal assuming no plan changes or change in stop loss level reduces the renewal to a blended 13.56% or $824,468 annually.
  - BCBS has agreed to providing the Village with a $40,000 wellness credit
- An option to increase the ISL to $125K is included This reduces the renewal to a blended 10.70% increase or $651,111 annually. Village would assume $25K more per claimant over the current $100K stop loss.
  - Combined net savings over initial renewal -$375,962
  - Combined net savings over revised renewal -$173,357
- PPO ISL savings with change to $125K shows $246,635 savings over revised renewal – breakeven point would be 9 claimants
- HMO ISL savings with change to $125K shows $68,405 savings over revised renewal – break even point would be 2 claimants

<u>At $125K ISL</u>

HMO 2024 would have paid additional $25K	HMO 2025 would have paid additional $55,877
PPO 2024 would have paid additional $103,565	PPO 2025 would have paid additional $85,275

<u>At $150K ISL</u>

HMO 2024 would have paid additional $50K	HMO 2025 would have paid additional $80,877
PPO 2024 would have paid additional $178,565	PPO 2025 would have paid additional $110,275

- MMA Rx Solutions review of pharmacy renewal shows potential improvement on contract of $80,000

Renewal Fees and Credits

- MMA negotiated $40,000 credit with BCBS

PPO/HDHP

- BCBS 2026 initial renewal is requesting 16.4% increase
  - Administrative Fee increased 3.5%, from $61.50 to $63.69. Rate relief reduced increase to $62.77 (includes bundling discounts)
  - MDLIVE, medical rebate credit, and MMA fees all remain unchanged
  - Rx rebate credit decreased 40.6%, from $131.22 to $78.00, reducing the annual rebate credit by $103.459
  - Net administrative fee (admin less rebates) decreased 79.3% from -$71.70 to -$17.21
  - Individual Stop Loss increased 50% from $472.56 to $708.88 PEPM or + $459,406 annually
    - *10% final rate relief granted reducing annual increase to $303,011*
    - Stop Loss Pooling Level $100,000
  - Aggregate Stop Loss – increased 18.7% from $26,107 to $30,984 annually
  - Projected claim cost increased 4.1% from $1,844.44 to $1,920.26 PEPM

HMO

- BCBS 2026 initial renewal is requesting 18.18% increase
  - Administrative Fee increased .56%, from $61.50 to $63.69. Rate relief reduced increase to $62.77 (includes bundling discounts)
  - Rx rebate credit decreased 40.6%, from $131.22 to $78.00, reducing the annual rebate credit by $62,309.44
  - Net administrative fee (admin less rebates) decreased 82.37% from -$69.72 to -$15.23
  - Individual Stop Loss increased 50% from $221.04 to $331.56 PEPM or +$126,892 annually
    - *10% rate relief granted reducing annual increase to $83,531*
    - Stop Loss Pooling Level $100,000
  - Aggregate Stop Loss decreased 15.7% from $19,385 to $22,422 annually
  - Projected capitations (HMO managed care and physician fees) increased by 3.7% or $17,817 annually
  - Projected claim cost increased 9.4% from $867.88 to $949.43 PEPM

2026 Total Projected Cost

PPO Enrollment	162								
HMO Enrollment (44 single/52 dependent)	96					FINAL		FINAL	
Total Enrollment Count	**258**	**Current**		**Renewal**		**Revised Renewal $100,000**		**Renewal with ISL to $125K**	
Claim Administrator / Med/ Pharmacy /ISL/ASL		BCBS of IL-PPO	BCBS of IL - HMO	BCBS of IL-PPO	BCBS of IL - HMO	BCBS of IL-PPO	BCBS of IL - HMO	BCBS of IL-PPO	BCBS of IL - HMO
Fixed Costs									
Administrative Services Fee (ASO)									
Base Admin Fee		$61.50	$61.50	$63.69	$63.69	$62.77	$62.77	$62.77	$62.77
Pharmacy Credit		**($131.22)**	**($131.22)**	**($78.00)**	**($78.00)**	**($78.00)**	**($78.00)**	**($78.00)**	**($78.00)**
MLR		**($2.50)**	$0.00	**($2.50)**	$0.00	**($2.50)**	$0.00	**($2.50)**	$0.00
Virtual Visits		$0.52	$0.00	$0.52	$0.00	$0.52	$0.00	$0.52	$0.00
HMO Single Physician Fee		$0.00	$177.93	$0.00	$179.34	$0.00	$179.34	$0.00	$179.34
HMO Family Physician Fee		$0.00	$620.80	$0.00	$648.16	$0.00	$648.16	$0.00	$648.16
HMO Managed Care Fee		$0.00	$15.27	$0.00	$17.14	$0.00	$17.14	$0.00	$17.14
Administration Fee PEPM		-$71.70	$363.37	-$16.29	$436.11	-$17.21	$435.19	-$17.21	$435.19
Annual Total PPO - HMO		**-$139,384.80**	**$418,599.84**	**-$31,667.76**	**$502,403.52**	**-$33,456.24**	**$501,343.68**	**-$33,456.24**	**$501,343.68**
Total PPO & HMO		**$279,215.04**		**$470,735.76**		**$467,887.44**		**$467,887.44**	
Specific Stop Loss (SSL)									
Contract - Specific & Aggregate		Paid Med/Rx	Paid Med/Rx	Paid Med/Rx	Paid Med/Rx	Paid Med/Rx	Paid Med/Rx	Paid Med/Rx	Paid Med/Rx
Specific Deductible		$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	**$125,000**	**$125,000**
Specific Reinsurance PEPM		$472.56	$221.41	$708.88	$331.56	$628.43	$293.92	$501.56	$234.54
Total Specific Premium - Annual		**$918,656.64**	**$255,064.32**	**$1,378,062.72**	**$381,957.12**	**$1,221,667.92**	**$338,595.84**	**$975,032.64**	**$270,190.08**
Total PPO & HMO		**$1,173,720.96**		**$1,760,019.84**		**$1,560,263.76**		**$1,245,222.72**	
Aggregate Stop Loss (ASL)									
Aggregate Corridor		120%	120%	120%	120%	120%	120%	120%	120%
Aggregate Maximum Benefit		Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Aggregate Premium PEPM		$13.43	$16.83	$15.94	$19.46	$15.94	$19.46	$15.94	$19.46
Total Aggregate Premium - Annual		**$26,107.42**	**$19,385.00**	**$30,984.00**	**$22,422.00**	**$30,984.00**	**$22,422.00**	**$30,984.00**	**$22,422.00**
Total PPO & HMO		**$45,492.42**		**$53,406.00**		**$53,406.00**		**$53,406.00**	
Total Fixed Cost (ASO + SSL + ASL)									
Fixed Costs PEPM		$414.29	$601.61	$708.53	$787.14	$627.16	$748.58	$500.29	$689.19
Total Fixed Costs - Annual		**$805,379.26**	**$693,049.16**	**$1,377,378.96**	**$906,782.64**	**$1,219,195.68**	**$862,361.52**	**$972,563.76**	**$793,946.88**
Claim Costs									
Expected Claims									
Expected Claims PEPM		$1,844.44	$867.88	$1,920.26	$949.43	$1,920.26	$949.43	$1,979.75	$972.03
Total Expected Claims - Annual		**$3,585,591.36**	**$999,797.76**	**$3,732,985.44**	**$1,093,743.36**	**$3,732,985.44**	**$1,093,743.36**	**$3,848,634.00**	**$1,119,778.56**
Total PPO & HMO		**$4,585,389.12**		**$4,826,728.80**		**$4,826,728.80**		**$4,968,412.56**	
Aggregate (Maximum) Claim Liability									
Aggregate Claims PEPM		$2,213.33	$1,041.46	$2,304.31	$1,139.32	$2,304.31	$1,139.32	$2,375.70	$1,166.44
Total Aggregate (Maximum) Claims - Annual		**$4,302,709.63**	**$1,199,757.31**	**$4,479,582.53**	**$1,312,492.03**	**$4,479,582.53**	**$1,312,492.03**	**$4,618,360.80**	**$1,343,734.27**
Total PPO & HMO		**$5,502,466.94**		**$5,792,074.56**		**$5,792,074.56**		**$5,962,095.07**	
Total Costs									
Total Expected Costs (Fixed Costs + Expected Claims)									
Fixed Costs PEPM		$414.29	$601.61	$708.53	$787.14	$627.16	$748.58	$500.29	$689.19
Expected Claims PEPM		$1,844.44	$867.88	$1,920.26	$949.43	$1,920.26	$949.43	$1,979.75	$972.03
Expected + Fixed Costs PEPM		$2,258.73	$1,469.49	$2,628.79	$1,736.57	$2,547.42	$1,698.01	$2,480.04	$1,661.22
Total Expected Costs - Annual		**$4,390,970.62**	**$1,692,846.92**	**$5,110,364.40**	**$2,000,526.00**	**$4,952,181.12**	**$1,956,104.88**	**$4,821,194.4**	**$1,913,734.32**
Total PPO & HMO		**$6,083,817.54**		**$7,110,890.40**		**$6,908,286.00**		**$6,734,928.72**	
$ Change/Current				*$719,393.78*	*$307,679.08*	*$561,210.50*	*$263,257.96*	*$430,223.78*	*$220,887.40*

2026 Total Cost

	2025		Initial Renewal		Final Revised 2026		Final 2026 with $125K ISL	
Fixed & Expected Claim Cost	**PPO**	**HMO**	**PPO**	**HMO**	**PPO**	**HMO**	**PPO**	**HMO**
Fixed Costs PEPM	$414.29	$601.61	$708.53	$787.14	$627.16	$748.58	$500.29	$689.20
Expected Claims PEPM	$1,844.44	$867.88	$1,920.26	$949.43	$1,920.26	$949.43	$1,979.75	$972.03
Expected + Fixed Costs PEPM	$2,258.73	$1,469.49	$2,628.79	$1,736.57	$2,547.42	$1,698.01	$2,480.04	$1,661.23
Total Expected Costs - Annual	$4,390,970.62	$1,692,846.92	$5,110,367.76	$2,000,528.64	$4,952,184.48	$1,956,107.52	$4,821,194.40	$1,913,734.32
Combined Cost	**$6,083,817.54**		**$7,110,896.40**		**$6,908,292.00**		**$6,734,928.72**	
BCBS 2026 Credit			-$40,000.00		-$40,000.00		-$40,000.00	
Net 2026 Medical			***$7,070,896.40***		***$6,868,292.00***		***$6,694,928.72***	
Ancillary								
Dental	$360,756		$360,756		$360,756		$360,756	
Vision	$47,830		$47,830		$47,830		$47,830	
Life	$73,880		$73,880		$73,880		$73,880	
Total Ancillary	$482,466		$482,466		$482,466		$482,466	
Total All Lines	**$6,566,283.54**		**$7,553,362.40**		**$7,350,758.00**		**$7,177,394.72**	
					Savings over Initial Renewal		*Savings over Initial Renewal*	
					$202,604.40		*$375,967.68*	

Renewal Decisions

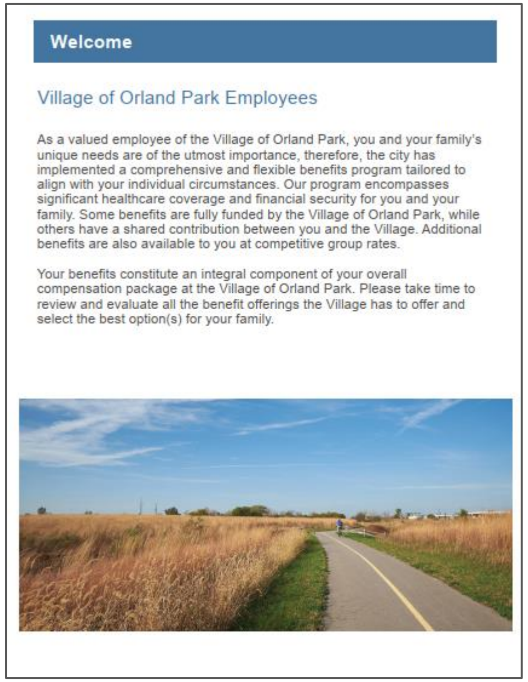
Decisions

- Life/Voluntary Life/Disability – renew with Dearborn
  - No change in rates or plan design
  - 3- year rate guarantee
- Vision – renew EyeMed
- Dental – renew with BCBS
- Medical:
  - Remaining Stand Alone:
    - Consider $125K ISL
  - Considerations if Moving into Cooperative
    - Reserve & Stop Loss
      - How is reserve handled? Combined with other locations or retain autonomy?
      - How are funding shortfalls handled?
      - How are claims paid for incurred but not reported until after contract termination?
      - Is there run out protection for claims incurred prior to contract termination that are over ISL?

Open Enrollment Timeline

Open Enrollment Support

- *September*: Open enrollment meeting strategy development, coordination, and delivery
  - In-person meetings, live webinars, pre-recorded
- *October*: Customized Open Enrollment Materials
  - Flyers and posters
  - Benefit Summaries and Enrollment Forms
  - Wallet cards
  - Postcards
- Benefit video clips
- Translation services and bilingual support available
- *October – November*: Open Enrollment



Sample, Custom Benefit Summaries

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