



City of San Luis

Employee Health Benefits

Renewal & Funding Projection

Plan Year: 2026 - 2027

April 17, 2026

Executive Summary

- Implementation of an online benefits enrollment portal, at no cost to the City, **improving efficiency and modernizing the employee experience**
- Completed a formal, year long process, for identifying needs, understanding the market, and evaluating the vendor relationships:
 - **Strategic and ongoing planning sessions throughout 2025 and early 2026, including in-person vendor capability presentations held at City offices in late 2025**
 - **CBIZ drafted a custom proposal and scoring tool for specific to the City's needs and requested services**
 - **Released Request for Proposal (RFP) for TPA services, PPO networks, and Mexico network administration in late 2025**
 - **Evaluated respondents, completed additional diligence and pre-negotiated contractual terms in early 2026 for the City's final consideration**
- **Employee Benefits Trust approved 90Degree as the new Third-party Administrator (TPA) using the Aetna PPO network, while retaining Siarmed for the Mexico network**
- **Tentative analysis projects a funding increase of 9-15% for the employee health insurance plan (26/27)**
- **Stop loss renewal is not finalized.** CBIZ recommends marketing the stop loss policy due to projected renewal and potential for laser. To be completed by May 1
- **Dental plan:** 10% projected funding increase; **Ancillary plans** (EAP, Teladoc, Vision, Life/Disability Insurance): Rates remain flat with increase of \$833 for Teladoc
- The City is in process of evaluating the financial impact of the TPA transition and recommends no increases to City or employee premiums for the upcoming fiscal year. Staff further recommends that any related costs be funded through the Trust reserves. As of June 30, 2025, the Benefits Trust Fund balance was approximately \$4.1M

Strategic Goals

Improve benefit administration process:

- **Efficiency**
- **Employee Experience**

Vendor stabilization and management:

- **Service Excellence**
- **Flexibility**
- **Cost and Quality Control**

Medical, RX and Stop Loss Projection (26/27)

Method and Caveats

Forecasted (2026/27) Rate Action		
Expected	9.29%	Based on Expected Liability
High End	14.29%	
Very High End	42.62%	Based on Maximum Liability
Low End	4.29%	
Used	9.29%	

Assumptions
Analyzed most recent 24 months of paid claims to establish baseline and projected claims
Removed claims over ISL, stop loss reimbursements, rebates and recoveries
Applied confirmed administrative fees and illustrative stop loss renewal
Trend claims forward using national trends for Medical (9.3%) and Pharmacy (11%)
Includes enhancement of nutritional counseling (Mexico)
Did not include fixed cost or claims cost margin / fluctuation (2-3% corridor)

Preliminary Stop Loss Renewal

- Individual Stop Loss: \$153.16 to \$229.43 (49.8%) for annual estimate of \$958,110 (\$318,504 increase)
- Aggregate Stop Loss: \$4.72 to \$5.10 (8.1%) for annual estimate of \$21,298 (\$1,587 increase)

Assumptions

- \$100k Individual Stop Loss (ISL)
- \$50k Aggregating Specific Ded
- 125% Aggregate Ded
- 24 / 12 Contract Basis
- 125% corridor on Aggregate Policy

Considerations & Actions

- Four claims exceed the \$100K ISL:
 - \$678,000 - ongoing
 - \$145,000 - ongoing
 - \$114,000 - ongoing
 - \$200,000 - termed
- Potential stop loss laser for high-cost claimant of \$678K
- CBIZ to market the stop loss contract
- CBIZ to perform actuarial simulation to forecast most advantageous ISL deductible

Medical, RX and Stop Loss Renewal (26/27)

Fixed Cost Comparison

Fixed Cost				
	2025/26	2026/27	% Change	Annual
Subscribers	348	348	N/A	N/A
Third Party Administration Fee	\$25.00	\$27.00	8%	\$112,752
Network Access Fee (Aetna)	\$22.50	\$21.75	-3.30%	\$90,828
Network Access Fee (Siarmed)	\$3.00	\$3.00	0.00%	\$12,528
Utilization Management	\$3.16	\$0.00	N/A	\$0
Annual Implementation Fee	\$0.48	\$0.72	50.00%	\$3,000
Case Management	\$4.40	\$4.45	1.30%	\$18,600
Personify Run out Administration	N/A	\$8.33	N/A	\$34,800
Wellness program - Healthiest You	\$11.80	\$12.00	1.70%	\$50,112
ACA Reporting Fee	N/A	\$3.00	N/A	\$12,528
EAP (Preferred)	\$1.91	\$1.91	0.00%	\$7,976
COBRA Admin	\$2.00	\$2.50	25.00%	\$10,440
Individual Stop Loss	\$153.16	\$229.43	49.80%	\$958,110
Aggregate Stop Loss	\$4.72	\$5.10	8.10%	\$21,298
Total Fixed Costs	\$232.13	\$330.92	42.60%	\$1,381,943
PCORI Fee	\$0.60	\$0.67	10.70%	\$2,780
Total Fixed Costs and ACA	\$232.73	\$331.59	42.50%	\$1,384,723

Difference: \$412,843

Funding Projection and Rates (26/27)

Based Upon Expected Liability (9.29%)

2025 Funding Rates at Expected Liability			
	PPO 750	EPO Mexico	Total
Employee Only	\$798.39	\$290.93	\$701.73
Employee + Spouse	\$1,656.81	\$603.66	\$1,105.16
Employee + Child(ren)	\$1,656.81	\$603.66	\$1,446.18
Employee + Family	\$2,534.45	\$881.00	\$1,707.73
PEPM:	\$1,191.22	\$561.60	\$1,022.96
Monthly Funding	\$303,762	\$52,229	\$355,991
Annual Funding	\$3,645,144	\$626,745	\$4,271,889

Enrollment		
PPO 750	EPO Mexico	Total
170	40	210
10	11	21
44	11	55
31	31	62
255	93	348

2026 Funding Rates at Expected Liability			
	PPO 750	EPO Mexico	Total
Employee Only	\$872.58	\$317.97	\$766.94
Employee + Spouse	\$1,810.78	\$659.76	\$1,207.86
Employee + Child(ren)	\$1,810.78	\$659.76	\$1,580.58
Employee + Family	\$2,769.97	\$962.87	\$1,866.42
% Change	9.29%	9.29%	9.29%
PEPM:	\$1,301.92	\$613.79	\$1,118.02
Monthly Funding	\$331,990	\$57,082	\$389,073
Annual Funding	\$3,983,884	\$684,988	\$4,688,872

Dental Funding Projections (26/27)*

2025 Funding Rates at Expected

	<u>Dental Plan</u>	<u>Dental Mexico</u>
Employee Only	\$36.47	\$16.28
Employee + Spouse	\$72.93	\$32.54
Employee + Child(ren)	\$72.93	\$32.54
Employee + Family	\$91.03	\$43.39

Percent Change in Funding Rates

Current PEPM Funding*:	\$41.99		<u>Dental Claims</u>	<u>Dental Admin</u>
Projected PEPM Funding:	\$46.18	=====>	\$41.68	\$4.50
Calculated Rate Action:	9.99%	Dx Breakdown	90.3%	9.7%
Recommended Rate Action:	9.99%			

Total 2025 Funding

	<u>Dental Plan</u>	<u>Dental Mexico</u>
Employee Only	\$6,565	\$521
Employee + Spouse	\$729	\$716
Employee + Child(ren)	\$1,896	\$748
Employee + Family	<u>\$2,003</u>	<u>\$1,519</u>
Total Monthly	\$11,193	\$3,504
PEPM Funding:	\$41.99	
Monthly Funding:	<u>\$14,697</u>	
Annual Funding:	<u>\$176,360</u>	

Forecasted 2026 Funding Rates

	<u>Dental Plan</u>	<u>Dental Mexico</u>	<u>Total</u>
Employee Only	\$40.11	\$17.91	
Employee + Spouse	\$80.21	\$35.79	
Employee + Child(ren)	\$80.21	\$35.79	
Employee + Family	\$100.12	\$47.72	
Renewal PEPM funding:	\$51.72	\$34.41	\$46.18
Renewal Monthly funding:	\$12,311	\$3,854	\$16,164
Renewal Annual funding:	\$147,727	\$46,246	<u>\$193,973</u>
% Change vs. Current:	9.99%	9.99%	9.99%

*Benefits enhancements: Increased annual maximum from \$1,125 to \$1,500 (Mexico), and added adult orthodontic coverage

Your CBIZ Account Team



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Thank You