



2027 City of Sandpoint Employee Benefit Renewal

 **Taylor Insurance Inc.**



On behalf of everyone at Taylor Insurance, we thank you for allowing us to administer your health plan benefits this year. Being an advocate – for you, your employees and your families – is a responsibility that we take very seriously.

Your renewal date is approaching, and this packet includes your 2027 renewal calculations, information about your renewal and possible benefit changes.

Again, we thank you for your partnership and look forward to continuing to work with your organization to provide a quality, cost effective healthcare plan.



Medical Trend

Health care costs in the United States are high and rising. For many individuals, their health care costs outpace their wages. Since 2010, medical trend has grown by 73%, according to the Council for Affordable Health Coverage (CAHC). This is approximately four times faster than the average American's wage and five times quicker than the consumer price index. Due to health care costs accelerating faster than wages, health care coverage is becoming less affordable for many individuals. The CAHC states that if the current trend continues, the average family will spend more than 50% of their income on health care by 2030.

What Is Medical Trend?

According to PricewaterhouseCoopers' (PwC's) Health Research Institute (HRI), medical trend is the projected percentage increase in the cost to treat patients from one year to the next, assuming benefits remain the same. Insurance companies use these projections to calculate health plan premiums for the upcoming year. For example, if an insurance company projects a 7% increase in medical trend for the upcoming year, then a health plan that costs \$10,000 per employee will increase to \$10,700 the following year. Generally, the prior year's health care spending data is used as input to project medical trend for the upcoming year.

Why Is Medical Trend Increasing?

Each year, health care costs in the United States continue to increase. In fact, health care spending grows faster than the rest of the U.S. economy. The United States spends 70% more of its gross domestic product on health care than other highly developed countries.

The leading cause of the rise in medical trend is the increase in prices at points of care. However, several other factors impact medical trend, such as:

- Health care utilization
- Impact of fixed deductibles and copays
- Government-mandated benefits
- Technological advancements
- High-cost medical treatments and prescription drugs

Medical Trend Inflators and Deflators

PwC's annual medical trend report shows that health care costs will continue rising under strong inflationary pressures, with medical trend projected to increase by 9% for the Group market in 2027, the highest figure in 17 years. Cost growth is being driven by elevated hospital expenses, the expanding use of high-cost therapies and surging behavioral health care utilization. Although these forces exert significant upward pressure, several meaningful deflators—including increased biosimilar uptake, strengthened cost-of-care management strategies and the growing use of artificial intelligence (AI) in administrative processes—are helping mitigate some of the impact. Together, these trends can offer insight into the structural and operational factors shaping health care spending in the year ahead.



According to PwC's report, 2027 medical trend inflators include:

- **AI-enabled documentation and coding tools** allow providers to capture greater specificity and reimbursable severity without proportionate increases in care intensity. Nearly 70% of surveyed health plans named it a top-three trend inflator for healthcare costs.
- **Provider reimbursement pressure** remains elevated due to inflationary pressure across provider underlying cost structures, reinforced by market consolidation limiting market alternatives.
- **Pharmacy trend continues to outpace overall medical trend**, driven by advances in specialty drugs and expanding GLP-1 indications. High-cost therapeutics, such as glucagon-like peptide-1 (GLP-1) drugs, continue to expand, alongside rising drug spending in oncology, immunology, cardiovascular disease, obesity and diabetes.
- **Rising hospital operating costs**—Hospitals face increased labor expenses, higher supply costs and greater operating overhead, much of which is passed along to commercial payers. Revenue cycle management practices can also drive additional inpatient admissions, contributing to cost shifts.
- **Behavioral health continues to outpace broader medical trend**, with utilization surging 62% from 2018 to 2024.
- The **No Surprises Act Independent Dispute Resolution arbitration process** has become a durable reimbursement inflator, with 2.6 million cases filed in 2025 and providers winning 88% of disputes.

The report also highlighted several medical trend deflators:

- **Biosimilar adoption**—Biosimilars remain the top cost deflator for the third consecutive year, with adoption rising significantly in 2024 and expected to grow with new product entrants.
- **Cost-of-care management strategies**—Utilization management, claims integrity programs, pharmacy oversight and prescription management initiatives are helping plans reduce unnecessary spending and improve cost efficiency.
- **AI tools in administrative and clinical workflows**—AI-enabled tools enhance efficiency across utilization management, claims review and care coordination processes, strengthening their deflationary impact.

Impact of Increasing Medical Trend

An increased medical trend often translates into higher medical costs for employers. In the past, employers have been able to mitigate increased medical costs by passing them on to their employees. However, due to the current state of the labor market, many employers will likely avoid shifting health care costs to their employees. As a result, many employers are seeking cost-effective solutions to manage rising health care costs and keep employee benefits affordable. These solutions may include directing employees to cost-effective care, improving employee health literacy, incorporating health care technology and adjusting plan design. Employers can also consider secondary insurance options to help offset employees' out-of-pocket costs.

For employees, rising medical costs generally mean a higher percentage of their paychecks will be directed to health care. In some cases, even wage increases could be absorbed by rising premiums. Because of record-high inflation, many employees are already feeling financially strained, so they are likely to put off care or reduce their medical spending. Employers can help employees counter inflation's impact and stay healthy by keeping employee benefits affordable.

Historical Utilization

Regence Financial Facts 2024



Regence BlueShield of Idaho is an independent
Licensee of the Blue Cross and Blue Shield Association

Group Utilization Overview

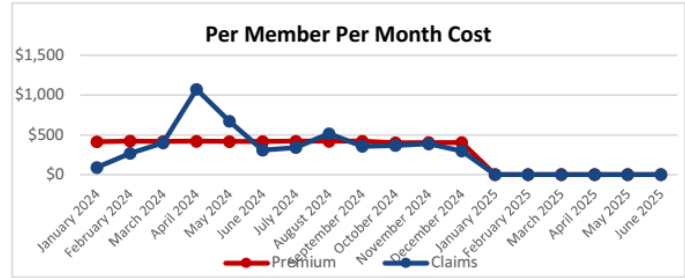
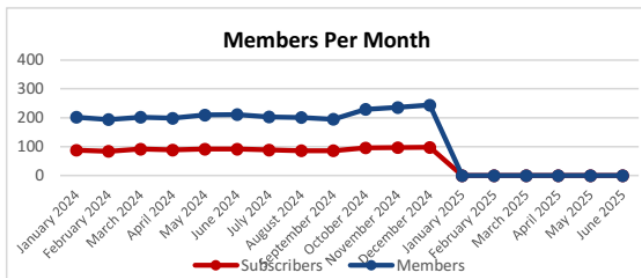
City Of Sandpoint

Paid Date: January 2024 - June 2025

Incurred Date: January 2024 - December 2024

Pooling Level \$125,000

Month	Subscribers	Members	Premium	Total Paid	Total Paid PMPM	Premium PMPM	Loss Ratio
January 2024	88	202	83,711	18,479	\$91.48	\$414.41	22.1%
February 2024	84	194	81,811	51,929	\$267.67	\$421.71	63.5%
March 2024	92	202	83,912	80,781	\$399.90	\$415.41	96.3%
April 2024	89	199	83,444	213,387	\$1,072.30	\$419.32	255.7%
May 2024	92	210	87,268	140,406	\$668.60	\$415.56	160.9%
June 2024	92	211	87,714	64,980	\$307.96	\$415.71	74.1%
July 2024	89	203	85,185	69,427	\$342.00	\$419.63	81.5%
August 2024	86	201	84,263	103,559	\$515.22	\$419.22	122.9%
September 2024	86	195	81,800	69,401	\$355.90	\$419.49	84.8%
October 2024	96	230	92,046	84,002	\$365.23	\$400.20	91.3%
November 2024	97	236	95,456	91,393	\$387.26	\$404.47	95.7%
December 2024	98	244	98,502	72,294	\$296.29	\$403.69	73.4%
January 2025	0	0	0	49,803			
February 2025	0	0	0	7,619			
March 2025	0	0	0	2,356			
April 2025	0	0	0	452			
May 2025	0	0	0	385			
June 2025	0	0	0	2,124			
Total	1,089	2,527	\$1,045,111	\$1,122,775	\$444.31	\$413.58	107.4%



Regence Financial Facts 2025

Financial Facts 2025



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Group Utilization Overview

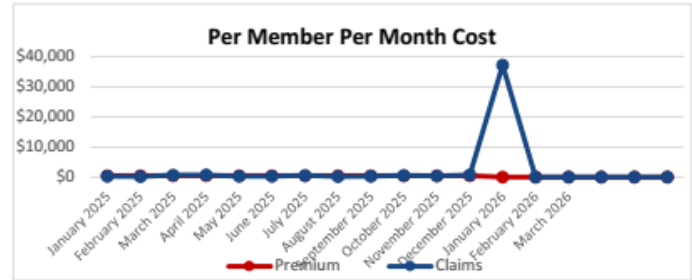
City Of Sandpoint

Paid Date: January 2025 - June 2026

Incurred Date: January 2025 - December 2025

Pooling Level \$125,000

Month	Subscribers	Members	Premium	Total Paid	Total Paid PMPM	Premium PMPM	Loss Ratio
January 2025	96	239	120,788	65,132	\$272.52	\$505.39	53.9%
February 2025	95	238	120,254	49,907	\$209.69	\$505.27	41.5%
March 2025	97	240	121,566	161,574	\$673.22	\$506.53	132.9%
April 2025	95	236	119,625	179,494	\$760.57	\$506.88	150.0%
May 2025	93	231	117,003	67,802	\$293.52	\$506.50	57.9%
June 2025	94	233	118,412	77,592	\$333.01	\$508.21	65.5%
July 2025	96	238	121,063	141,536	\$594.69	\$508.67	116.9%
August 2025	97	238	122,275	51,847	\$217.84	\$513.76	42.4%
September 2025	93	231	117,149	62,625	\$271.10	\$507.14	53.5%
October 2025	94	232	118,341	135,729	\$585.04	\$510.09	114.7%
November 2025	96	237	120,123	97,476	\$411.29	\$506.85	81.1%
December 2025	97	238	120,997	172,931	\$726.60	\$508.39	142.9%
January 2026	0	2	158	74,320	\$37,159.81	\$78.77	47175.1%
February 2026	0	0	0	18,289			
March 2026	0	0	0	8,704			
April 2026	0	0	0	685			
May 2026	0	0	0	480			
June 2026	0	0	0	2,999			
Total	1,143	2,833	\$1,437,752	\$1,369,120	\$483.28	\$507.50	95.2%





Historical Rate Changes

June 2019 - Entered a 19-month contract with an increase of 6%

January 2021 - 10% Reduction in Rates

January 2022 - 2% Reduction in Rates

Received a premium refund via the 50/50 SharePlan in the amount of \$74,861 based on performance of 2021 plan year.

January 2023 - 4% Increase in Rates

January 2024 - 8.5% Increase in Rates

January 2025 - 24.81% Increase in Rates

January 2026 - Moved to Blue Cross of Idaho, roughly 5.5% increase

2027 Blue Cross of Idaho Renewal

- ❖ Your organization currently offers three medical plan tiers, providing employees with meaningful choice across premium, deductible, and plan design preferences. The table below reflects current 2026 and renewal 2027 monthly premium rates and plan design parameters.
- ❖ The renewal was issued at the 12% renewal cap.

Medical Benefit	PPO 1000	PPO 2000	HSA 4000
Funding Type	Fully Insured	Fully Insured	Fully Insured
Product	Preferred Blue PPO	Preferred Blue PPO	H.S.A. Blue PPO (Agg)
Deductible	\$1,000	\$2,000	\$4,000
Medical Total Out-of-Pocket	\$5,500	\$8,000	\$5,500
Member Coinsurance	30%	30%	30%
Physician Copay	Tier 1 \$10/Tier 2 \$30	Tier 1 \$10/Tier 2 \$30	Ded, Coin
Specialist Copay	Tier 1 \$30/Tier 2 \$50	Tier 1 \$30/Tier 2 \$50	Ded, Coin
1st Dollar DXL	N/A	N/A	N/A
Prescription Drugs	10/20/30/50/20%/30%	10/20/30/50/20%/30%	Ded, Coin
Prescription Drugs Total Out-of-Pocket	Subject to Medical	Subject to Medical	Subject to Medical

Current Rates			
	PPO 1000	PPO 2000	HSA 4000
Enrollee	\$752.40	\$694.34	\$586.19
Employee + Spouse	\$1,588.34	\$1,463.37	\$1,230.58
Employee + One Child	\$1,035.66	\$954.92	\$804.53
Employee + Children	\$1,457.08	\$1,342.61	\$1,129.39
Employee + Spouse + Child(ren)	\$2,251.57	\$2,073.50	\$1,741.84

Renewal Rates			
	PPO 1000	PPO 2000	HSA 4000
Enrollee	\$842.69	\$777.66	\$656.53
Employee + Spouse	\$1,778.94	\$1,638.97	\$1,378.25
Employee + One Child	\$1,159.94	\$1,069.51	\$901.07
Employee + Children	\$1,631.93	\$1,503.72	\$1,264.92
Employee + Spouse + Child(ren)	\$2,521.76	\$2,322.32	\$1,950.86

Current High Cost Claims and High Provider Usage

- ❖ Oncology
- ❖ Prescriptions
 - Specialty
 - GLP-1
- ❖ Mental Health
- ❖ Blue Cross of Idaho is indicating group is approaching 100% MLR.

Historical Member Utilization

	Members Meeting Deductible	Members Meeting Out-of-Pocket
2023	30	11
2024	50	11
2025	56	13 with 9 very close
YTD 2026	25	12

UTILIZATION TREND INSIGHTS:

- **Specialty pharmacy spend** is the fastest-growing claims category, driven primarily by GLP-1 medications such as Ozempic, Wegovy, and Mounjaro, which now account for a disproportionate share of prescription drug spend.
- **Mental health and behavioral health** utilization has increased substantially post-pandemic, and several providers in the top-provider list appear to be related to mental health services.
- **Preventive care utilization** remains below optimal levels, though stronger than many comparable groups; increasing annual wellness exams and preventive screenings can help reduce future high-cost claims.



Options

- ❖ Mitigate the increase by increasing deductibles, increasing out-of-pocket maximums, and implementing a prescription drug deductible.
 - Increase out-of-pocket maximums; the federal threshold is \$12,000 in 2027.
- ❖ Balance Funded (4% increase in rates) for reporting and possible refund.
- ❖ Self – Funded Option Requested and denied by Blue Cross of Idaho based on group size.
- ❖ Change in Employer Contribution / Defined Contribution
- ❖ Direct Primary Care with HDHP Only
- ❖ ICHRA
- ❖ Send plan to market for 2027? III-A?

HealthEquity

- ❖ HealthEquity continues to be our HSA banking partner.
 - No change in administration charges.
 - \$2.25 PEPM
- ❖ City of Sandpoint currently contributes \$2,000 annually to employees enrolled in the HSA Option.
- ❖ Proposed change in contribution for HSA participants as follows for 2027.

Employee Only Coverage

\$500 Annually

Two or more Enrolled

\$2,000 Annually

HSA Contribution Limits

The following chart shows the health savings account (HSA) limits that will apply for 2027, along with the 2026 limits for comparison purposes.

Type of Limit		2026	2027	Change
HSA Contribution Limit	<i>Self-only</i>	\$4,400	\$4,500	Up \$100
	<i>Family</i>	\$8,750	\$9,000	Up \$250
HSA Catch-up Contributions <i>(not subject to adjustment for inflation)</i>	<i>Age 55 or older</i>	\$1,000	\$1,000	No change

Delta Dental of Idaho

Financials - 12 Month Comparison Summary



Delta Dental is offering a 3% renewal increase for a one-year contract.

A 32.2% savings of total claims submitted is realized as a result of Delta Dental's unique contracts with providers. These procedures are non-billable to your account.



There were 4.2% more employees covered under the dental plan.

There were 3.9% more claims and 9.5% more dollars paid in claims.

The cost-per-subscriber increased 5.1% to \$72.65.



Preventive, oral surgery, and periodontia services have the highest increase in utilization.

City of Sandpoint

Delta Dental Group No. 0764

For Period: 06-2024 to 05-2025
06-2025 to 05-2026

Month	Subscribers			Administrative Income			NO. Claims			Paid Claims			Cost/Claim			Cost/Subscriber		
	24/25	25/26	% Diff.	24/25	25/26	% Diff.	24/25	25/26	% Diff.	24/25	25/26	% Diff.	24/25	25/26	% Diff.	24/25	25/26	% Diff.
Jun	91	94	3.3%	\$851.76	\$879.84	3.3%	35	42	20.0%	\$7,057.40	\$6,855.40	-2.9%	\$201.64	\$163.22	-19.1%	\$77.55	\$72.93	-6.0%
Jul	88	95	8.0%	\$823.68	\$889.20	8.0%	46	29	-37.0%	\$8,812.10	\$4,877.90	-44.6%	\$191.57	\$168.20	-12.2%	\$100.14	\$51.35	-48.7%
Aug	86	96	11.6%	\$897.75	\$898.56	0.1%	39	38	-2.6%	\$6,828.30	\$6,452.90	-5.5%	\$175.08	\$169.81	-3.0%	\$79.40	\$67.22	-15.3%
Sep	84	92	9.5%	\$684.09	\$861.12	25.9%	43	31	-27.9%	\$7,690.70	\$8,042.97	4.6%	\$178.85	\$259.45	45.1%	\$91.56	\$87.42	-4.5%
Oct	96	93	-3.1%	\$898.56	\$870.48	-3.1%	36	39	8.3%	\$6,200.60	\$6,821.70	10.0%	\$172.24	\$174.92	1.6%	\$64.59	\$73.35	13.6%
Nov	97	95	-2.1%	\$907.92	\$889.20	-2.1%	31	35	12.9%	\$5,389.80	\$6,833.00	26.8%	\$173.86	\$195.23	12.3%	\$55.56	\$71.93	29.4%
Dec	97	96	-1.0%	\$907.92	\$898.56	-1.0%	36	49	36.1%	\$4,783.90	\$8,473.92	77.1%	\$132.89	\$172.94	30.1%	\$49.32	\$88.27	79.0%
Jan	96	97	1.0%	\$898.56	\$935.08	4.1%	32	33	3.1%	\$4,781.50	\$7,528.80	57.5%	\$149.42	\$228.15	52.7%	\$49.81	\$77.62	55.8%
Feb	97	96	-1.0%	\$898.56	\$925.44	3.0%	41	37	-9.8%	\$6,543.00	\$7,013.70	7.2%	\$159.59	\$189.56	18.8%	\$67.45	\$73.06	8.3%
Mar	97	102	5.2%	\$907.92	\$992.92	9.4%	44	59	34.1%	\$7,767.30	\$9,108.60	17.3%	\$176.53	\$154.38	-12.5%	\$80.08	\$89.30	11.5%
Apr	95	102	7.4%	\$889.20	\$983.28	10.6%	39	32	-17.9%	\$6,934.50	\$3,987.80	-42.5%	\$177.81	\$124.62	-29.9%	\$72.99	\$39.10	-46.4%
May	93	106	14.0%	\$870.48	\$983.28	13.0%	34	50	47.1%	\$4,437.40	\$8,563.90	93.0%	\$130.51	\$171.28	31.2%	\$47.71	\$80.79	69.3%
Total:	1,117	1,164	4.2%	\$10,436.40	\$11,006.96	5.5%	456	474	3.9%	\$77,226.50	\$84,560.59	9.5%	\$169.36	\$178.40	5.3%	\$69.14	\$72.65	5.1%

Proposed Renewal

Plans & Rates

	Current	
	PPO	Premier
Preventive & Diagnostic Services	100%	100%
Basic Services	80%	80%
Major Services	50%	50%
Deductible	\$25	\$25
Family Maximum Deductible	\$75	\$75
Annual Maximum Benefit	\$1,250	\$1,250
Maximum Rollover Benefit	\$3,050	\$3,050
Annual Threshold Amount	\$600	\$600
Annual Rollover Amount	\$300	\$300
<i>Child Orthodontia</i>	50%	50%
<i>Orthodontia Lifetime Maximum</i>	\$1,500	\$1,500

Rate Classification	2026 Premiums for Funding	2027 Suggested Premiums for Funding
Employee	\$44.42	\$45.00
Employee & Spouse	\$88.85	\$90.00
Employee & One Child	\$70.63	\$71.50
Employee & Two or More Children	\$97.73	\$100.50
Family	\$133.27	\$143.00
ADMINISTRATION FEE		
PEPM	\$9.64	\$9.93



USable Life – Life, AD&D and Voluntary Life

NO CHANGES

Life Benefits

- Class 1 - Elected Official: \$12,000 and Dependents: \$1,000
- Class 2: 1X annual salary rounded to next \$1,000, plus \$2,000 to a max of \$100,000. Dependents: \$1,000

Current Life Premiums

- Rate hold until 1/1/2028
- Basic Life per \$1,000: \$.228
- Basic AD&D per \$1,000: \$.030
- Basic Dependent Life: \$.220 PEPM

Current Voluntary Life: No change in premium – age rated



USable Life – Long Term Disability (Fire Department only)

NO CHANGES

- No increase on renewal – age rated
 - Elimination Period: 90 days
 - Benefit: 60% of monthly pre-disability earnings to a maximum of \$6,000 per month. Minimum benefit is the greater of \$100 or 10% of the monthly gross benefit.
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VSP – Voluntary Vision administered via Blue Cross of Idaho partnered with Medical Plan

Vista Preferred Vision Plan

Full-service vision coverage with lower exam copays, annual lens and frame options.

Blue Cross of Idaho, in partnership with VSP® Vision Care, provides you with personalized care, a great selection of eyewear and thousands of in-network provider choices, including private practice doctors, regional and national optical retail chains, and online retailers.

Exam benefits

WellVision Exam® – an eye exam designed to detect signs of vision and health conditions – is covered with a \$15 copay every 12 months. Vista Preferred also includes Essential Medical Eye Care coverage for services related to certain eye issues and diseases after a \$20 copay per exam.

Material benefits

Coverage for glasses and lenses or contacts (instead of glasses). Choose new lenses and frames every 12 months, or choose contacts instead of glasses and get new contacts every 12 months.

Exam Benefits	
WellVision Exam® copay	\$15
Exam frequency	Every 12 months
Material Benefits	
Material copay	\$25
Lens frequency	12 months
Covered lenses	Single, lined bifocal, lined trifocal and standard progressive lenses covered in full.
Lens enhancements	Options for lens enhancements and premium lenses available for purchase.
Frame frequency	12 months
Frame allowance	\$200
Frame allowance at Costco/Walmart/Sam's Club	\$110

Voluntary Vision continued with Blue Cross of Idaho

Contact Lens Benefits <i>(instead of glasses)</i>	
Exam/fitting copay	\$60
Allowance	\$150
Frequency	12 months
Medically necessary contacts	Paid in full. Must be approved by and prescribed by VSP Network Doctor. Material copay applies.
Other Benefits	
Essential Medical Eye Care	Covered in full after \$20 copay per exam. Services related to diabetic eye disease, glaucoma, age-related macular degeneration (AMD), dry eye, conjunctivitis, and sudden vision changes. Retinal imaging for eligible members with diabetes covered in full. Limitations and coordination with medical coverage may apply. Ask your VSP Network doctor for details.
Out-of-network coverage <i>(reimbursement)</i>	Exam: up to \$45 Frames: up to \$70 Single Lens: up to \$45 Lined Bifocal Lens: up to \$65 Lined Trifocal Lens: up to \$85 Progressive Lenses: up to \$85 Elective Contacts: up to \$105 Necessary Contacts: up to \$210

Rate Classification	2026 Premiums	2027 Premiums
Employee	\$11.25	\$11.54
Employee & Spouse	\$16.24	\$16.63
Employee & One Child	\$16.24	\$16.63
Employee & Two or More Children	\$28.90	\$29.61
Family	\$28.90	\$29.61
Percent of Increase		2.5%

Employee Assistance Program

- ❖ BPA is offering a zero increase for the current 6 session model (\$2.43 PEPM).
- ❖ EAP is being underutilized by members. Below is 6 months of utilization.
- ❖ Recommendation is to terminate the benefit at year end.

External Utilization report-Portal



UTILIZATION & ENGAGEMENT REPORT

Account Name
City of Sandpoint

Parent Account Name

Total Unique Current Number of Employees / Students
101

Utilization Report of Child Accounts

Parent Account

Child Account Count

COUNSELING

Total Members Calling In count 10	Requests for Counseling 1	Members starting Counseling 1	Counseling Sessions 2	Avg Average Sessions 1.00	Avg Utilization Rate 2.0%
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ADDITIONAL SERVICES

Life & Well-Being Website Visits 0	Life & Well-Being Seminar Participants 0	Legal, Financial, Other Consults 0	Live Training Participants 0	Critical Incident Responses 0	Avg Engagement Rate 19.8%
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TELEHEALTH COUNSELING

Video-Individual 0	Video-Group 0	Phone 0	Chat 0	Text 7
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LIFE AND WELL-BEING RESOURCES

Seminar Participants 0	Financial Consultations 0	Legal Consultations 0	Resource Navigation 0
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PRESENTING ISSUE

Emotional/Psychological 100.0%	Marriage/Family 0.0%	Job/Employment 0.0%	Substance Use 0.0%	Other 0.0%
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LIFE AND WELL-BEING WEBSITE VISITS

Aging/Eldercare 0	Work-Life Balance 0	Parenting 0	Working 0
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Questions / Action Items

