



VILLAGE OF WINNEBAGO

MEMORANDUM

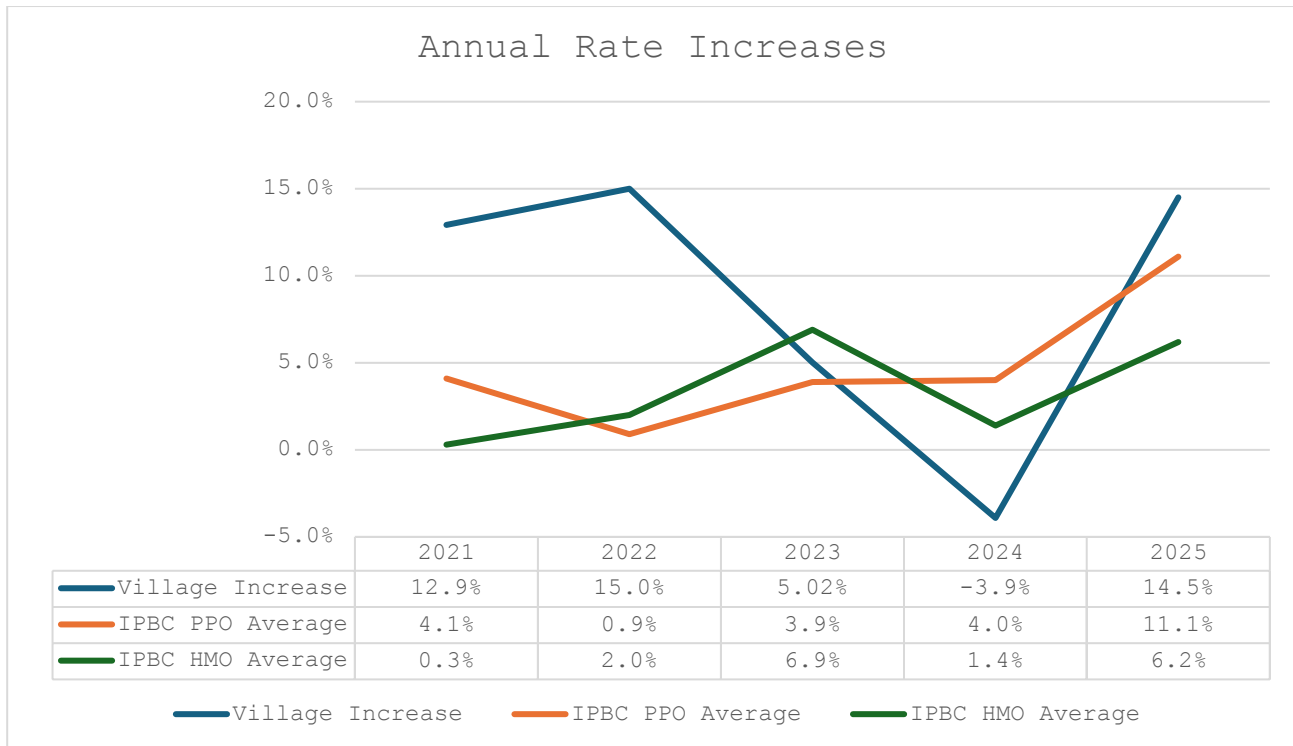
Prepared By: Joseph Dienberg, Village of Winnebago
To: President Eubank and Village Board of Trustees
Date: August 27, 2025
Subject: IPBC Quote Discussion

Background:

At the direction of the Village Board, staff has reviewed the possibility of joining an insurance cooperative and specifically evaluated the Illinois Public Benefits Cooperative (IPBC), at the recommendation of various other local governments who have seen significant savings. This review comes as we await renewal information from our current broker, M3. While M3 has not yet released formal quotes, their preliminary communication indicates that the Village should expect an increase in the range of 8% to 12%, with final quotes anticipated in early October.

The IPBC proposal provides a useful comparison. Their quote reflects an overall increase of 8.8%, which is at the low end of M3's projected range. More importantly, this increase comes with a plan design that is richer for employees. Under the current structure, the Village offers four separate PPO options with deductibles ranging from \$1,600 to \$6,900. IPBC proposes to consolidate into a single \$1,500 deductible PPO plan with broader coverage and lower out-of-pocket exposure. In addition to the health plan, IPBC's dental, vision, and life insurance rates are all lower than what the Village currently provides, creating opportunities for cost savings beyond medical coverage.

In considering the value of IPBC, it is also helpful to review historical performance. The Village's insurance costs have risen steadily over the last five years, averaging close to 8.7% annually. By contrast, IPBC's five-year average renewal increase for PPO plans has been 4.8% percent, and for HMO plans 3.4% percent. The following chart illustrates this comparison:

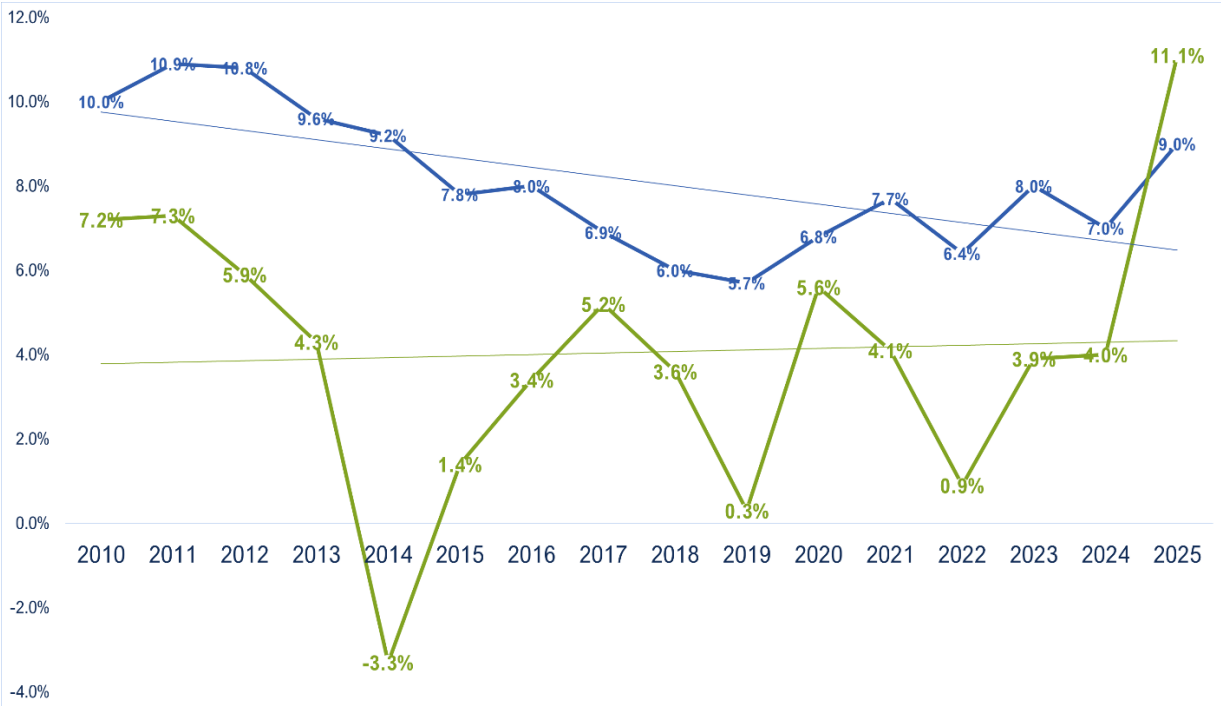


In plain terms, joining IPBC means that the Village would no longer stand alone with a very small pool of covered employees. Instead, the village would join a much larger group of municipalities and government entities that pool their resources together. This pooling spreads out the financial risk of high-cost claims and creates purchasing power to secure more favorable rates. The cooperative model has built-in transparency, requiring disclosure of claims experience and financial data, and it places annual rate caps on changes tied to individual member experience. For employees, the cooperative offers plan stability and options comparable to or richer than what we provide today. For the Village, it offers predictability and long-term savings potential.

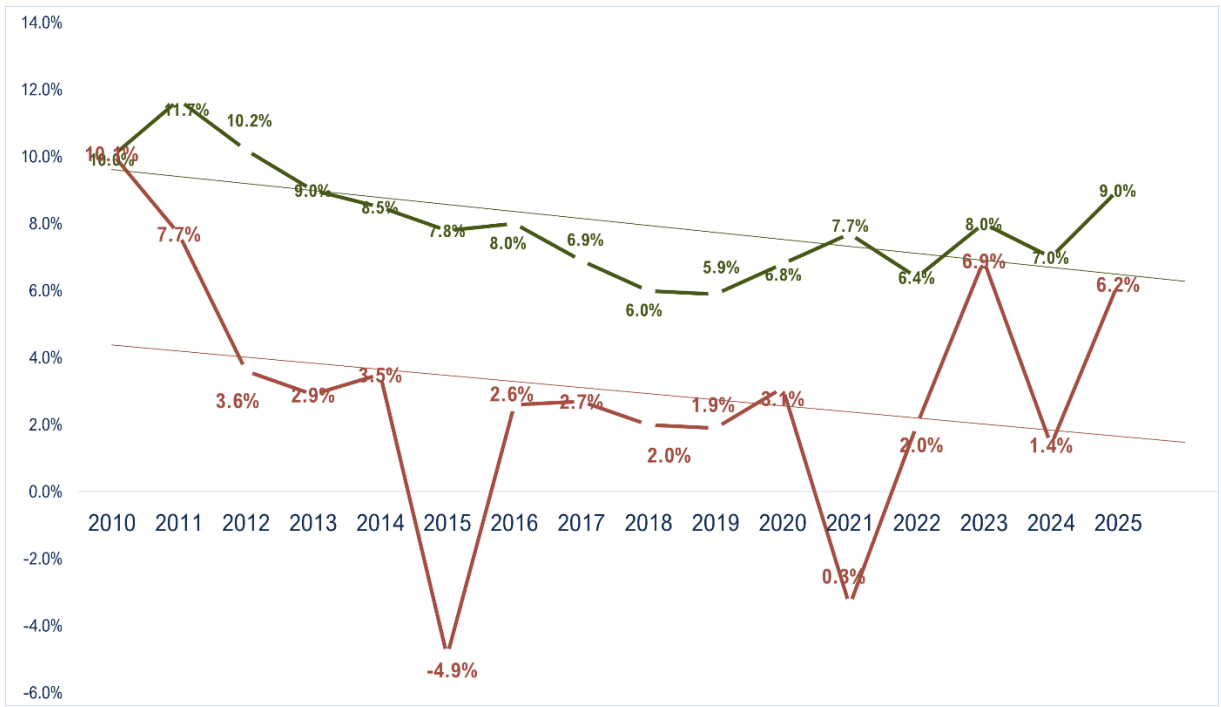
Over time, these advantages can add up. While the first-year increase of 8.8% does not appear substantially lower than what we might expect under M3, there are long-term benefits of cooperative membership. Historical trends show that IPBC's rate renewals have consistently outperformed the broader insurance

market, and in some years members have received dividends back when claims experience came in below expectations. These broader trends are illustrated below:

IPBC PPO RENEWAL HISTORY



IPBC HMO RENEWAL HISTORY



There are also administrative considerations. Much of the reporting, compliance, and Affordable Care Act (ACA) documentation currently handled by Village staff would become the responsibility of IPBC. This shift reduces staff workload, lowers the risk of compliance errors, and provides access to specialized resources already in place through the cooperative.

Next Steps

Timing is a critical factor in this decision. In order to join IPBC effective January 1, 2026, the Village would need to adopt an ordinance by mid-September. The IPBC Executive Board would then consider new member approvals later that month, with implementation beginning immediately thereafter.

The Village Board will meet again on September 17. A model ordinance has been attached for review and would be required if the Board chooses to proceed. Depending on the timing of Board action, a special meeting may also need to be considered to ensure compliance with IPBC's deadlines.

Because of these deadlines, the Village will not be able to conduct a side-by-side comparison between IPBC and M3 before a decision is required. If the Board chooses not to move forward with IPBC, the Village would still be able to renew through M3 once their quotes are released in early October. At that time, staff would also explore expanding employee choices by adding an HMO and a Health Savings Account (HSA) option alongside the PPO.

Both of these plan types can help control long-term costs. HMOs are generally the lowest-cost option in terms of monthly premiums but are more restrictive in provider choice and require referrals for specialist care. HSAs, when paired with a high-deductible plan, reduce monthly premiums for the employer while giving employees the ability to set aside pre-tax dollars for medical expenses. While these plans typically shift more upfront cost exposure to employees, they can lower the Village's overall annual premiums compared to traditional PPOs, and they give staff greater flexibility in tailoring coverage to their household needs.

At this stage, staff is seeking Committee of the Whole feedback on next steps so that a clear direction can be established for the September 17 meeting.