



**State of Wisconsin Group Insurance Board
Department of Employee Trust Funds**

2026 Program Renewals

May 21, 2025

 **Segal Consulting**



1. Overview

- 2. Medical Plans
- 3. Prescription Drug Plan
- 4. Dental Plan
- 5. Aggregate Renewal
- 6. Fund Balance/Reserve
- 7. 2026 Premium Alternatives
- 8. Appendix I: Renewal Process
- 9. Appendix II: Interest Rate Scenario

Overview

- Annual renewal process conducted similar to prior years (See Appendix I)
- Three components:
 - Medical
 - Pharmacy
 - Dental
- Reserve fund analysis and projections
- Discussion options for 2026 premiums and three-year reserve approach



1. Overview

- 2. Medical Plans**

3. Prescription Drug Plan

4. Dental Plan

5. Aggregate Renewal

6. Fund Balance/Reserve

7. 2026 Premium Alternatives

8. Appendix I: Renewal Process

9. Appendix II: Interest Rate Scenario

State HMO Renewal

- Dane tier breakpoint increase was 5.1%
- Non-Dane tier breakpoint increase was 6.2%
- Overall preliminary bid increase from inforce rates was 13.4%
- All plans remained in Tier 1

	2025 Rates	BAFO 2026 Rates	Change From Current	%
Medical Costs (in Millions)				
Dane	\$713.0	\$742.3	\$29.3	4.1%
Non-Dane	\$651.7	\$694.5	\$42.8	6.6%
Total State	\$1,364.7	\$1,436.8	\$72.2	5.3%

^ Totals may not reconcile due to rounding

Local HMO Renewal

- Prevea360 East moved to Tier 1 and Quartz West moved from Tier 1 to Tier 2

Tier 1	Moved Out of Tier 1	Tier 2/3 Both Years	
GHC - SCW Dane Choice	Quartz West	Aspirus Health Plan	Robin with HealthPartners
Prevea360 East		CareSource Wisconsin	HealthPartners West
Network Health		Dean Health Plan by Medica	Medical Associates
Quartz UW Health		Medica West and Mayo Clinic Health System	MercyCare
		GHC EC Greater WI	Quartz Central
		GHC EC River Region	Security Health Plan
		GHC - SCW Neighbors	HealthPartners Southeast

- Overall preliminary bid increase from inforce rates was 16.2%

	2025 Rates	BAFO 2026 Rates	Change From Current	%
Medical Costs (in Millions)				
Locals	\$231.1	\$255.5	\$24.5	10.6%

- 10.6% increase in 2026 after the BAFO rate submissions.

Access Plan and SMP Renewals (Statewide)

- Dean manages the fully-insured Access Plan and SMP plans. The Access Plan and SMP rates increased 13.1%.

	2025 Rates	BAFO 2026 Rates	Change from Current	%
Medical Costs (in Millions)				
State	\$59.0	\$66.7	\$7.7	13.1%
Local	\$14.4	\$16.2	\$1.9	13.1%
Total	\$73.3	\$82.9	\$9.6	13.1%

^ Totals may not reconcile due to rounding

- The contract terms below incentivize the Board to minimize rate increases to prevent paying Dean more than the 10% retention target. There are no more rate caps for future years.

Risk Share w/ Dean	
LR > 90%	The Board pays 100% of claims over 90%
LR < 90%	Dean pays 50% of claims under 90%

	2024 Actual	2025 Projected	2026 Projected
Estimated Settlement Owed to Dean (in Millions)			
State	\$5.6	\$5.2	\$2.8
Local	\$3.7	\$3.5	\$1.8
Total	\$9.3	\$8.7	\$4.6

State Maintenance Plan (SMP)

- SMP is the designated Tier 1 plan in every county where there is no other qualified Tier 1 plan
- SMP will be offered in 1 county in 2026 for State (same as 2025):
 - Florence County
- SMP will be offered in 48 counties in 2026 for Local (up from 41 counties in 2025):
 - » These counties are offered SMP due to Quartz West no longer being Tier 1 (Red)
 - Menominee was offered SMP in 2025 but will not be offered in 2026

- | | | | |
|------------|--------------|-------------|---------------|
| • Adams | • Eau Claire | • Langlade | • Rock |
| • Ashland | • Florence | • Lincoln | • Rusk |
| • Barron | • Forest | • Marathon | • Sauk |
| • Bayfield | • Grant | • Marquette | • Sawyer |
| • Buffalo | • Green | • Monroe | • St. Croix |
| • Burnett | • Iowa | • Oneida | • Taylor |
| • Chippewa | • Iron | • Pepin | • Trempealeau |
| • Clark | • Jackson | • Pierce | • Vernon |
| • Columbia | • Jefferson | • Polk | • Vilas |
| • Crawford | • Juneau | • Portage | • Walworth |
| • Douglas | • La Crosse | • Price | • Washburn |
| • Dunn | • Lafayette | • Richland | • Wood |

Medicare Plus (Statewide)

- UnitedHealthCare (UHC) administers the fully-insured Medicare Plus plan for Medicare eligible retirees
- Medicare Plus BAFO rates of \$295.68/\$314.16 PMPM (State/Local) resulted in an increase of 18.0%
- This is a reduction from the RFP BAFO Rates, which was a 22.8% increase

	2025 Rates	BAFO 2026 Rates	Change from Current	%
Medical Costs (in Millions)				
State	\$12.9	\$15.3	\$2.3	18.0%
Local	\$0.4	\$0.5	\$0.1	18.0%
Total	\$13.4	\$15.7	\$2.4	18.0%

^ Totals may not reconcile due to rounding

Medicare Advantage Renewal

- UHC also administers the fully-insured Medical Advantage plan for Medicare eligible retirees
- The 2026 BAFO rate of \$139.52 PMPM increased from \$104.22 PMPM in 2025 – a 33.9% increase
- The 2026 BAFO rates came from the RFP and no rate change was provided after the final call letter was announced

	2025 Rates	BAFO 2026 Rates	Change from Current	%
Medical Costs (in Millions)				
State	\$21.3	\$28.6	\$7.2	33.9%
Local	\$0.9	\$1.3	\$0.3	33.9%
Total	\$22.3	\$29.8	\$7.5	33.9%

^ Totals may not reconcile due to rounding

2026 Overall Medical Increase by Product

➤ Overall, State increased 6.1% and Local increased 10.8%, for a total of 6.8%

	2025 Rates	2026 Prelim Bids	Negotiation Savings	%	2026 BAFO Rates	Change From Inforce	%
State (in Millions)							
HMO	\$1,364.7	\$1,542.7	(\$105.9)	-6.9%	\$1,436.8	\$72.2	5.3%
Statewide	\$71.9	\$82.6	(\$0.6)	-0.8%	\$81.9	\$10.0	14.0%
Medicare Advantage	\$21.3	\$28.6	\$0.0	0.0%	\$28.6	\$7.2	33.9%
Total State	\$1,457.9	\$1,653.9	(\$106.5)	-6.4%	\$1,547.3	\$89.4	6.1%

	2025 Rates	2026 Prelim Bids	Negotiation Savings	%	2026 BAFO Rates	Change From Inforce	%
Local (in Millions)							
HMO	\$231.1	\$266.0	(\$10.4)	-3.9%	\$255.5	\$24.5	10.6%
Statewide	\$14.8	\$16.7	(\$0.0)	-0.1%	\$16.7	\$2.0	13.2%
Medicare Advantage	\$0.9	\$1.3	\$0.0	0.0%	\$1.3	\$0.3	33.9%
Total Local	\$246.8	\$284.0	(\$10.5)	-3.7%	\$273.5	\$26.7	10.8%

	2025 Rates	2026 Prelim Bids	Negotiation Savings	%	2026 BAFO Rates	Change From Inforce	%
Total (in Millions)							
HMO	\$1,595.8	\$1,808.7	(\$116.3)	-6.4%	\$1,692.4	\$96.6	6.1%
Statewide	\$86.7	\$99.3	(\$0.6)	-0.6%	\$98.7	\$12.0	13.9%
Medicare Advantage	\$22.3	\$29.8	\$0.0	0.0%	\$29.8	\$7.5	33.9%
Grand Total	\$1,704.7	\$1,937.9	(\$117.0)	-6.0%	\$1,820.9	\$116.2	6.8%

^ Totals may not reconcile due to rounding

* Medicare includes HDHP Medicare and Family 1 contracts


2026 Overall Medical Increase by Group

- Renewal process resulted in a \$117.0 million savings, a 6.0% reduction from 2026 Preliminary Bids (6.4% for State and 3.7% for Locals)

	2025 Rates	2026 Prelim Bids	Negotiation Savings	%	2026 BAFO Rates	Change From Inforce	%
State (in Millions)							
Non-Medicare	\$1,042.5	\$1,179.2	(\$78.1)	-6.6%	\$1,101.2	\$58.7	5.6%
Medicare*	\$99.9	\$118.8	(\$6.0)	-5.0%	\$112.8	\$12.9	12.9%
Grads	\$67.8	\$74.9	(\$3.7)	-5.0%	\$71.1	\$3.4	5.0%
HDHP	\$247.8	\$281.0	(\$18.8)	-6.7%	\$262.2	\$14.5	5.8%
Total State	\$1,457.9	\$1,653.9	(\$106.5)	-6.4%	\$1,547.3	\$89.4	6.1%
Local (in Millions)							
Non-Medicare	\$220.7	\$253.2	(\$9.2)	-3.6%	\$244.1	\$23.3	10.6%
Medicare*	\$5.0	\$6.0	(\$0.2)	-2.7%	\$5.8	\$0.8	16.0%
HDHP	\$21.1	\$24.8	(\$1.1)	-4.5%	\$23.7	\$2.6	12.4%
Total Local	\$246.8	\$284.0	(\$10.5)	-3.7%	\$273.5	\$26.7	10.8%
Grand Total	\$1,704.7	\$1,937.9	(\$117.0)	-6.0%	\$1,820.9	\$116.2	6.8%

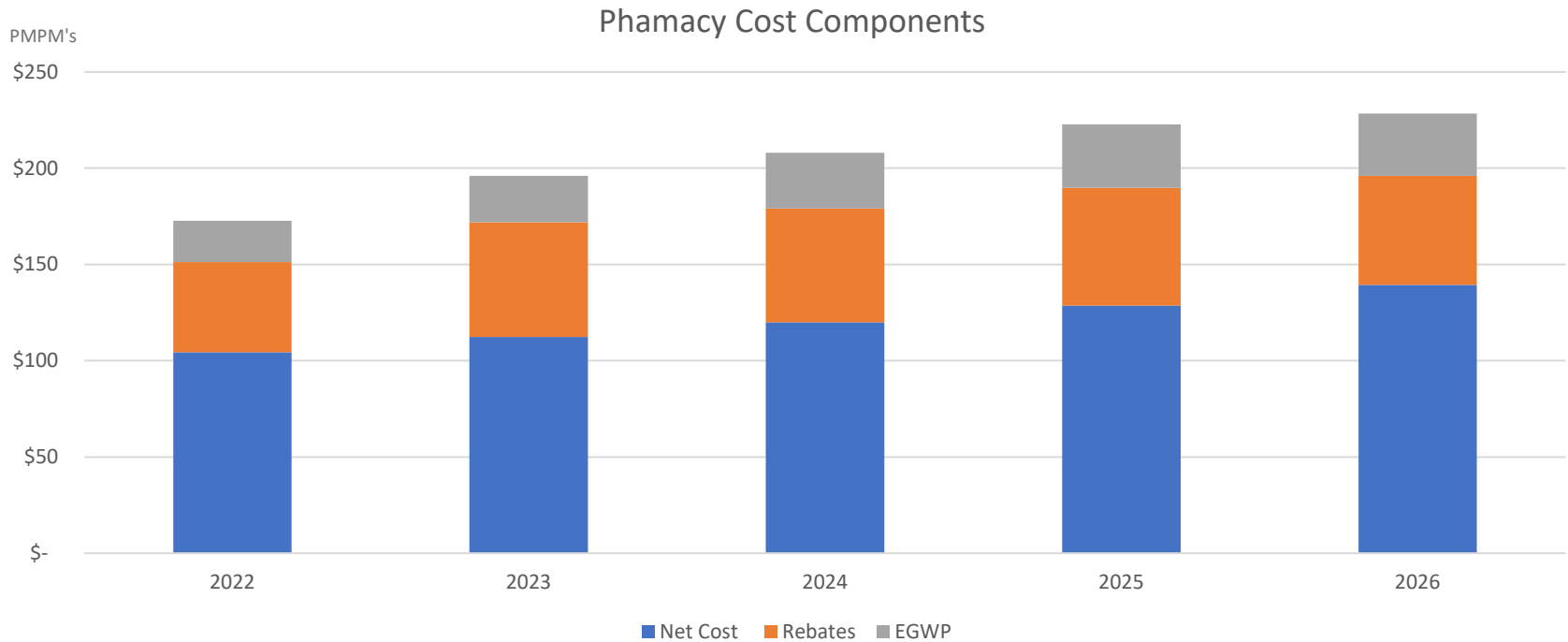
^ Totals may not reconcile due to rounding

* Medicare includes HDHP Medicare and Family 1 contracts

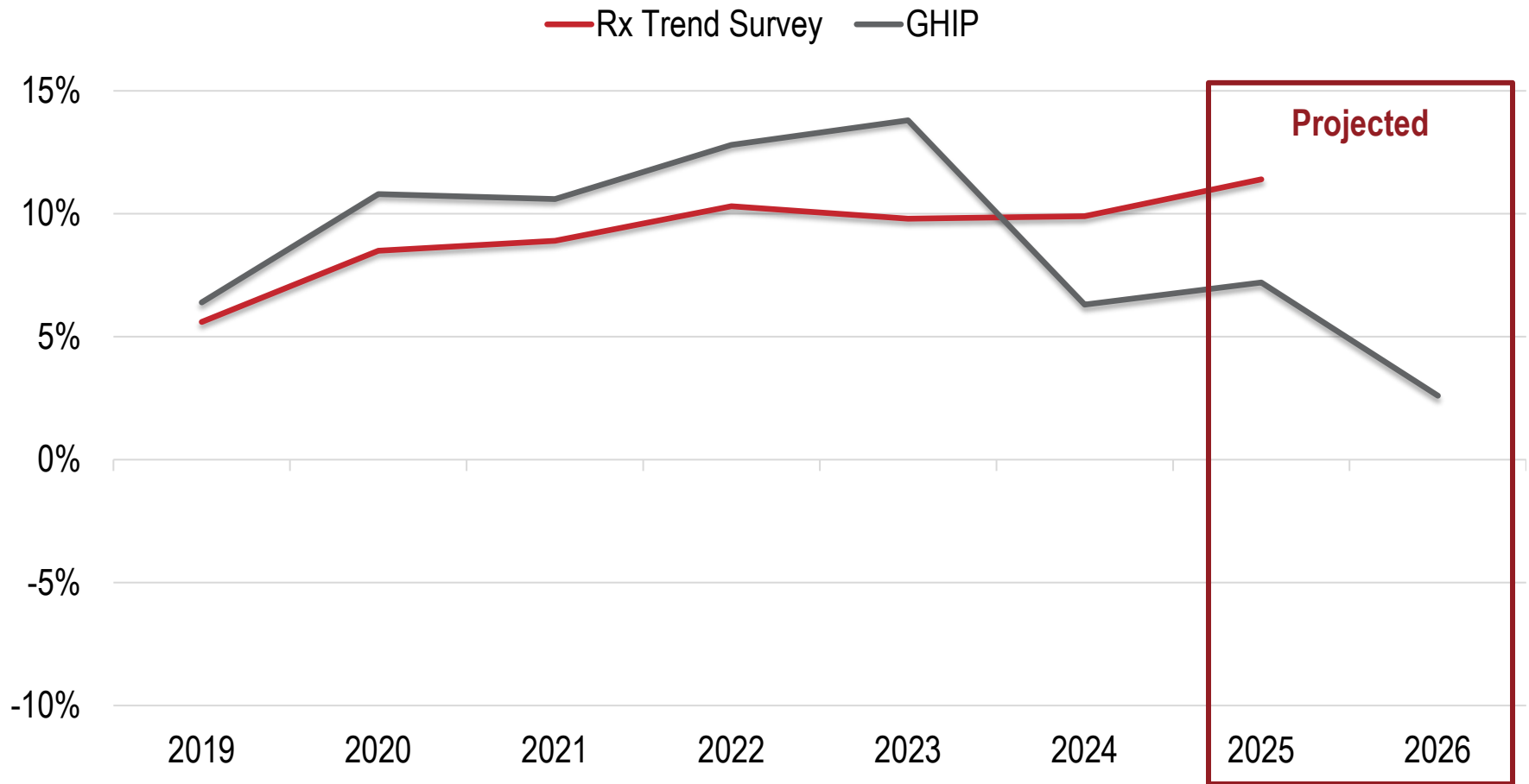
- 
1. Overview
 2. Medical Plans
 - 3. Prescription Drug Plan**
 4. Dental Plan
 5. Aggregate Renewal
 6. Fund Balance/Reserve
 7. 2026 Premium Alternatives
 8. Appendix I: Renewal Process
 9. Appendix II: Interest Rate Scenario

Historical Pharmacy Spend – PMPM

- “Top Line” claims (before credits) projected trend is averaging 8.5% from 2022 – 2026, while Rebates and Employer Group Waiver Plan (EGWP) subsidies have increased on average 10.9%
- The net impact is a 4-year total average increase of 7.1% annually



Historical Pharmacy “Top Line” Trends – Comparison to GHIP



Higher than market 19'-23'; Shift to biosimilars lowered trends 24'-26'

Prescription Drug Plans Rates

➤ Aggregate rate increase of 7.7% for State

	2025 Single Rate	2026 Single Rate	%
State			
HMO Regular	\$152.74	\$165.14	8.1%
Access	\$152.74	\$165.14	8.1%
SMP	\$152.74	\$165.14	8.1%
HDHP Regular	\$131.36	\$142.02	8.1%
Access HDHP	\$131.36	\$142.02	8.1%
SMP HDHP	\$131.36	\$142.02	8.1%
HMO Grads	\$72.38	\$74.44	2.8%
Access Grads	\$72.38	\$74.44	2.8%
SMP Grads	\$72.38	\$74.44	2.8%
HMO Medicare	\$187.16	\$200.38	7.1%
Medicare Plus & Medicare Advantage	\$187.16	\$200.38	7.1%
Overall			7.7%

Prescription Drug Plans Rates *continued*

➤ Aggregate rate increase of 6.1% for Local

	2025 Single Rate	2026 Single Rate	% Change
Local			
HMO Regular	\$149.90	\$157.78	5.3%
Access	\$149.90	\$157.78	5.3%
SMP	\$149.90	\$157.78	5.3%
HDHP Regular	\$121.42	\$127.80	5.3%
Access HDHP	\$121.42	\$127.80	5.3%
SMP HDHP	\$121.42	\$127.80	5.3%
HMO / HDHP Medicare	\$191.34	\$222.44	16.3%
Medicare Plus & Medicare Advantage	\$191.34	\$222.44	16.3%
Overall			6.1%


Prescription Drug Plans Rates

- Overall, the recommended rate increase for the prescription drug plan is 7.5%

	2025 Rates	2026 Premium (Pre BU)	\$ Change	% Change
State (in Millions)				
Non-Medicare, Non-Grad	\$192.3	\$207.9	\$15.6	8.1%
Medicare*	\$81.0	\$86.8	\$5.7	7.1%
Grad Assistants	\$8.2	\$8.4	\$0.2	2.8%
HDHP	\$44.9	\$48.6	\$3.6	8.1%
Total State	\$326.4	\$351.7	\$25.2	7.7%
Local (in Millions)				
Non-Medicare, Non-Grad	\$39.3	\$41.3	\$2.1	5.3%
Medicare*	\$3.6	\$4.2	\$0.6	15.9%
HDHP	\$3.6	\$3.8	\$0.2	5.3%
Total Local	\$46.5	\$49.3	\$2.8	6.1%
Grand Total	\$372.9	\$401.0	\$28.1	7.5%

^ Totals may not reconcile due to rounding

* Medicare includes HDHP Medicare and Family 1 contracts

- 
1. Overview
 2. Medical Plans
 3. Prescription Drug Plan
 - 4. Dental Plan**
 5. Aggregate Renewal
 6. Fund Balance/Reserve
 7. 2026 Premium Alternatives
 8. Appendix I: Renewal Process
 9. Appendix II: Interest Rate Scenario

Dental Plan Rates (State and Local)

- Claims data (January 2022 – January 2025) was received from Delta Dental and used in our analysis
 - Experience period used was 2024 incurred claims (runout through January 2025)
- Assumptions:
 - Annual Trend 4.5% (From Delta Dental)
 - Completion factor based on historical claims lag
 - No Plan Design Change Impact for 2025 and 2026
- Emerging experience is slightly lower than prior projections, thus the rate increase is just below the underlying trend assumption

	2025 Rates	2026 Rates	% Change
Uniform Dental Self-Insured Rates			
Single	\$32.72	\$33.88	3.5%
Family	\$81.80	\$84.70	3.5%

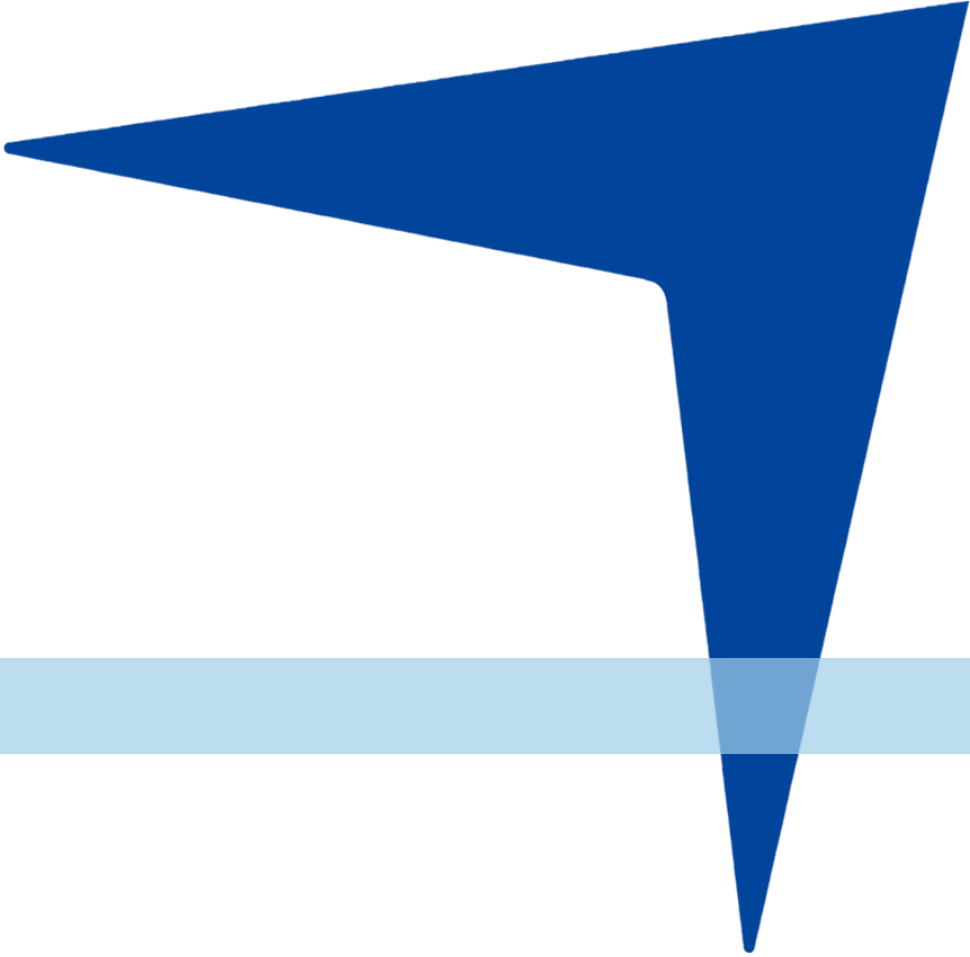
Dental Total Cost

- Overall, the recommended rate increase for the dental plan is 3.5%

	2025 Rates	2026 Premium	\$ Change	% Change
State (in Millions)				
Non-Medicare, Non-Grad	\$40.2	\$41.7	\$1.4	3.5%
Medicare*	\$12.5	\$13.0	\$0.4	3.5%
Grad Assistants	\$3.5	\$3.6	\$0.1	3.5%
HDHP	\$10.8	\$11.2	\$0.4	3.5%
Total State	\$67.1	\$69.4	\$2.4	3.5%
Local (in Millions)				
Non-Medicare, Non-Grad	\$2.4	\$2.4	\$0.1	3.5%
Medicare*	\$0.1	\$0.1	\$0.0	3.5%
HDHP	\$0.2	\$0.2	\$0.0	3.5%
Total Local	\$2.7	\$2.8	\$0.1	3.5%
Grand Total	\$69.7	\$72.2	\$2.5	3.5%

^ Totals may not reconcile due to rounding

* Medicare includes Family 1 contracts

- 
1. Overview
 2. Medical Plans
 3. Prescription Drug Plan
 4. Dental Plan
 - 5. Aggregate Renewal**
 6. Fund Balance/Reserve
 7. 2026 Premium Alternatives
 8. Appendix I: Renewal Process
 9. Appendix II: Interest Rate Scenario

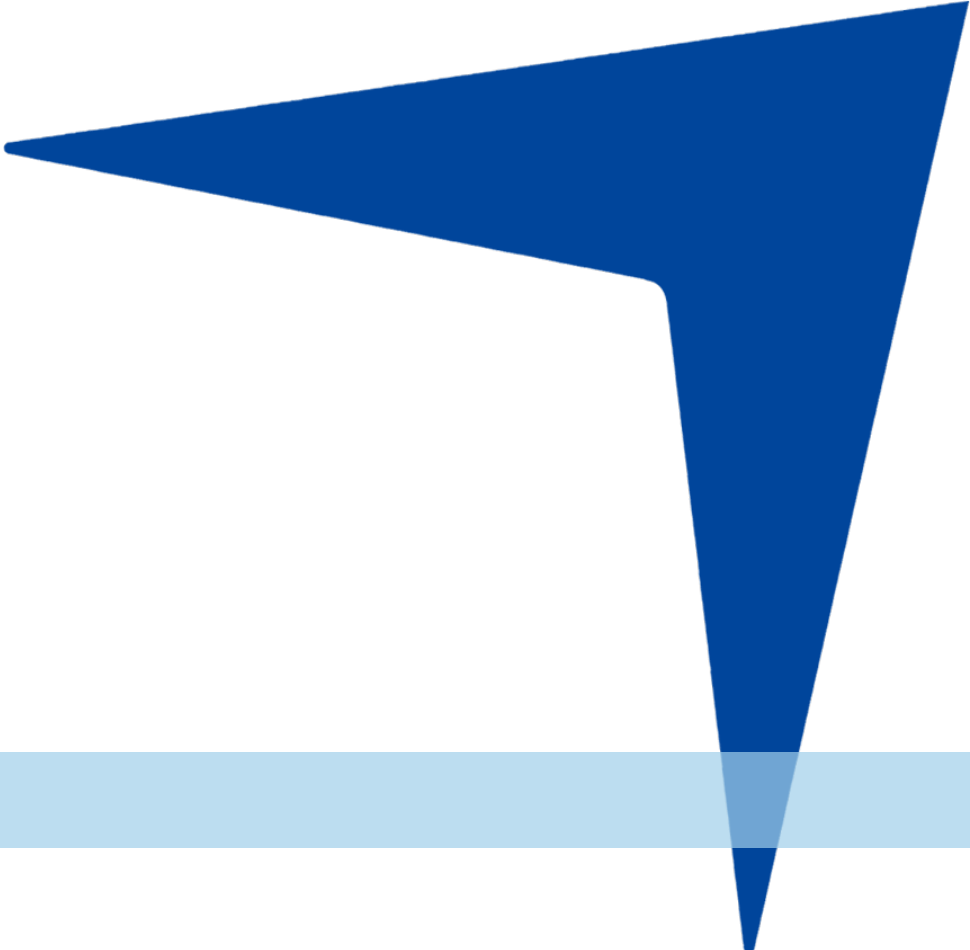
2026 Aggregate Renewal - Medical, Rx, Dental, and Admin

- Renewal process resulted in a \$147.7 million total premium increase, a 6.8% increase from 2025 Inforce Rates (6.3% for State and 9.9% for Locals)

	2025 Inforce (Pre BU)	2026 Premium (Pre BU)	\$ Change	% Change
State (in Millions)				
Medical	\$1,457.9	\$1,547.3	\$89.4	6.1%
Pharmacy	\$326.4	\$351.7	\$25.2	7.7%
Dental	\$67.1	\$69.4	\$2.4	3.5%
Admin	\$34.7	\$35.6	\$0.9	2.6%
Total	\$1,886.1	\$2,004.0	\$118.0	6.3%
Local (in Millions)				
Medical	\$246.8	\$273.5	\$26.7	10.8%
Pharmacy	\$46.5	\$49.3	\$2.8	6.1%
Dental	\$2.7	\$2.8	\$0.1	3.5%
Admin	\$4.5	\$4.6	\$0.1	2.6%
Total	\$300.5	\$330.3	\$29.8	9.9%
Grand Total	\$2,186.6	\$2,334.3	\$147.7	6.8%

^ Totals may not reconcile due to rounding

* Medicare includes HDHP Medicare and Family 1 contracts

- 
1. Overview
 2. Medical Plans
 3. Prescription Drug Plan
 4. Dental Plan
 5. Aggregate Renewal
 - 6. Fund Balance/Reserve**
 7. 2026 Premium Alternatives
 8. Appendix I: Renewal Process
 9. Appendix II: Interest Rate Scenario

Fund Balance

State

- The fund balance decreased \$25.1M in 2024 and is projected to decrease an additional \$7.7M in 2025

State Health Reserve (in millions)											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beg of Year											
Medical	69.4	74.8	76.9	84.7	62.0	73.5	86.3	96.5	84.9	75.0	65.3
Pharmacy	30.8	6.7	60.1	121.8	134.7	132.4	100.1	90.1	37.3	(63.3)	(79.3)
Dental	0.0	0.0	(1.2)	0.2	3.5	5.5	19.6	23.7	23.0	24.4	24.9
Total	100.1	81.5	135.8	206.6	200.2	211.4	206.1	210.3	145.2	36.0	11.0
Net Income/(Net Expense)											
Medical	5.4	2.1	7.8	(22.7)	11.5	12.9	10.2	(11.6)	(9.9)	(9.6)	(9.8)
Pharmacy	(24.1)	53.4	61.6	13.0	(2.4)	(32.2)	(10.1)	(52.8)	(100.6)	(16.0)	2.3
Dental	0.0	(1.2)	1.4	3.3	2.0	14.1	4.1	(0.7)	1.4	0.5	(0.1)
Total	(18.7)	54.3	70.8	(6.4)	11.1	(5.3)	4.2	(65.1)	(109.1)	(25.1)	(7.7)
End of Year											
Medical	74.8	76.9	84.7	62.0	73.5	86.3	96.5	84.9	75.0	65.3	55.5
Pharmacy	6.7	60.1	121.8	134.7	132.4	100.1	90.1	37.3	(63.3)	(79.3)	(77.0)
Dental	0.0	(1.2)	0.2	3.5	5.5	19.6	23.7	23.0	24.4	24.9	24.8
Total	81.5	135.8	206.6	200.2	211.4	206.1	210.3	145.2	36.0	11.0	3.3
Buy-Down /(Buy-Up)	20.0	0.0	0.0	29.0	49.1	33.0	10.5	27.0	86.5	0.0	(14.5)

^ Totals may not reconcile due to rounding

* Reserves inclusive of investment income

** Medical includes wellness

2024 Gain/(Loss) State

- Segal projected the 2024 ending fund balance at the May 24' GIB meeting
- The actual results pulled down the reserve more than projected

Projected 12/31/2024 Reserve Gain/(Loss) Analysis

State	\$ in Millions
Projected Last GIB	28.8
Actual	11.0
Total 2024 Reserve Gain/(Loss)	(17.8)
Gain/(Loss) from:	
Investment Income	(4.9)
Pharmacy Experience	(9.6)
Access/SMP Settlement	(1.7)
Medical	(1.5)

Cumulative impact on 2025 for additional \$21.7M projected loss

Investment Return Assumptions

- Segal is assuming 0% for investment return for all future years in reserve scenarios
- Reasoning for 0% Assumption:
 - Doesn't impact overall strategy.
 - Minimal impact when changed to 6.4% return - sensitivity illustrated in the appendix.
 - Investment return is based on the cash balance, not the accrued balances presented throughout the document.
 - Cash balance is generally lower than accrued due to the revenue lags from rebates and subsidies greater than claims expense runout.
 - Current fund balances levels subject to investment earnings are relatively low.
 - Variability of the market return – negative YTD
- Additional detail provided in Appendix II

Fund Balance

State (Projected 12/31/2025)

- Segal's ending fund balance projection uses ETF transactional data through 2/28/2025

Projected 2025 State Health Reserve (in millions)				
	Medical	Pharmacy	Dental	Total
Balance 1/1/2025	65.3	(79.3)	24.9	11.0
Revenue				
Premiums	1,494.9	341.5	67.1	1,903.4
EGWP Subsidy		92.2		92.2
Investment Income	0.0	0.0	0.0	0.0
Total Revenue	1,494.9	433.6	67.1	1,995.6
Expenses				
Paid Claims	1,472.7	580.2	65.9	2,118.8
Admin Costs	32.0	10.8	1.3	44.1
Rebates		(159.7)		(159.7)
Total Expenses	1,504.7	431.4	67.2	2,003.3
Net Income/(Expense)	(9.8)	2.3	(0.1)	(7.7)
Balance 12/31/2025	55.5	(77.0)	24.8	3.3

^ Totals may not reconcile due to rounding

The projected 12/31/2025 balance was \$42.8M, for a total loss of \$39.5M

Fund Balance

Local

- The fund balance decreased \$3.4M in 2024 and is projected to decrease \$3.7M in 2025

Local Health Reserve (in millions)											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beg of Year											
Medical	0.7	0.6	(0.1)	(0.8)	(1.5)	(2.0)	(2.3)	(3.3)	(3.7)	(7.2)	(11.9)
Pharmacy	15.6	8.4	14.3	19.9	23.7	21.0	16.8	20.4	18.0	15.8	17.2
Dental	0.0	0.0	(0.1)	(0.2)	(0.2)	(0.2)	0.1	0.1	0.1	(0.1)	(0.1)
Total	16.3	9.0	14.2	18.9	22.1	18.9	14.6	17.2	14.4	8.6	5.1
Net Income/(Net Expense)											
Medical	(0.0)	(0.7)	(0.8)	(0.7)	(0.5)	(0.3)	(1.0)	(0.3)	(3.5)	(4.8)	(4.3)
Pharmacy	(7.2)	5.9	5.6	3.8	(2.7)	(4.2)	3.6	(2.4)	(2.2)	1.4	0.6
Dental	0.0	(0.1)	(0.1)	0.0	0.0	0.3	(0.0)	(0.0)	(0.2)	(0.1)	(0.0)
Total	(7.2)	5.1	4.7	3.1	(3.2)	(4.2)	2.6	(2.7)	(5.9)	(3.4)	(3.7)
End of Year											
Medical	0.6	(0.1)	(0.8)	(1.5)	(2.0)	(2.3)	(3.3)	(3.7)	(7.2)	(11.9)	(16.2)
Pharmacy	8.4	14.3	19.9	23.7	21.0	16.8	20.4	18.0	15.8	17.2	17.8
Dental	0.0	(0.1)	(0.2)	(0.2)	(0.2)	0.1	0.1	0.1	(0.1)	(0.1)	(0.1)
Total	9.0	14.2	18.9	22.1	18.9	14.6	17.2	14.4	8.6	5.1	1.4
Buy-Down /(Buy-Up)	5.0	0.0	0.0	0.0	7.8	6.5	1.7	2.5	4.1	0.0	(2.3)

^ Totals may not reconcile due to rounding

* Reserves inclusive of investment income

** Medical includes wellness

2024 Gain/(Loss) *Local*

- Segal projected the 2024 ending fund balance at the May 24' GIB meeting
- The actual results pulled down the reserve more than projected

Projected 12/31/2024 Reserve Gain/(Loss) Analysis

Local	\$ in Millions
Projected Last GIB	6.0
Actual	5.1
Total 2024 Reserve Gain/(Loss)	(0.9)
Gain/(Loss) from:	
Investment Income	1.3
Pharmacy Experience	(0.9)
Dental Experience	0.0
Access/SMP Settlement	(1.1)
Medical (Mostly Admin)	(0.2)

Cumulative impact on 2025 for additional \$3.7M projected loss

Fund Balance

Local (Projected 12/31/2025)

- Segal's ending fund balance projection uses ETF transactional data through 2/28/2025

Projected 2025 Local Health Reserve (in millions)				
	Medical	Pharmacy	Dental	Total
Balance 1/1/2025	(11.9)	17.2	(0.1)	5.1
Revenue				
Premiums	241.4	49.2	2.7	293.3
EGWP Subsidy		5.0		5.0
Investment Income	0.0	0.0	0.0	0.0
Total Revenue	241.4	54.3	2.7	298.4
Expenses				
Paid Claims	241.5	76.2	2.7	320.3
Admin Costs	4.3	1.1	0.0	5.4
Rebates		(23.6)		(23.6)
Total Expenses	245.7	53.6	2.7	302.1
Net Income/(Expense)	(4.3)	0.6	(0.0)	(3.7)
Balance 12/31/2025	(16.2)	17.8	(0.1)	1.4

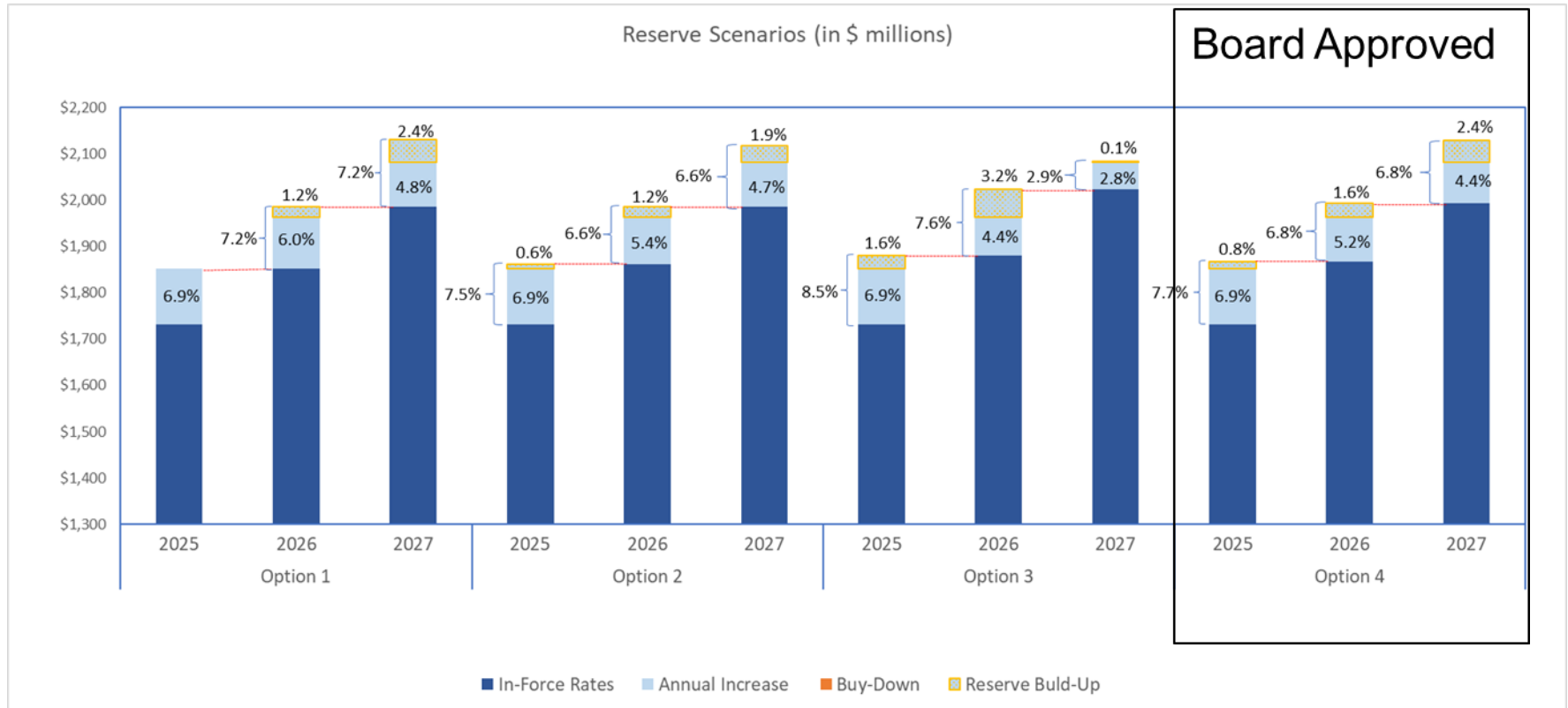
^ Totals may not reconcile due to rounding

The projected 12/31/2025 balance was \$6.0M, for a total loss of \$4.6M

May 2024 GIB Meeting:

Projected State Premium Increases – Options 1 through 4

- Option 4 was approved. This option built-up the reserve to the midpoint target at the end of 2027.



Reserve Surplus Calculation

- Based on the mid-point reserve target, the State has a deficit of \$116.5M
- Locals also have a deficit of \$16.5M

	Projected Reserve (in millions)							
	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
Projected Fund Balance 12/31/2025	55.5	(77.0)	24.8	3.3	(16.2)	17.8	(0.1)	1.4
Projected 2026 Claims (SI)		597.8	68.2	666.0		75.7	2.7	78.5
Projected 2026 Premiums (FI)	1,547.3			1,547.3	273.5			273.5
New Policy Reserve Target								
3% Medical, 8% Rx, 5% Dental	46.4	47.8	3.4	97.7	8.2	6.1	0.1	14.4
5% Medical, 10% Rx, 7% Dental	77.4	59.8	4.8	141.9	13.7	7.6	0.2	21.4
Mid-Point Reserve	61.9	53.8	4.1	119.8	10.9	6.8	0.2	17.9
Surplus/(Deficit)- Midpoint	(6.4)	(130.8)	20.7	(116.5)	(27.2)	11.0	(0.3)	(16.5)
Surplus/(Deficit)- Lower Boundry	9.1	(124.8)	21.4	(94.4)	(24.4)	11.8	(0.3)	(13.0)
Surplus/(Deficit) - High Boundry	(21.9)	(136.8)	20.0	(138.6)	(29.9)	10.2	(0.3)	(20.0)

- Both programs are significantly under the lower boundary of the reserve target
- Segal recommends a sizable buy-up to increase reserves within the target range

Historical Fund Balance Buy-Downs/Buy-Ups

- Since 2007 there have been frequent buy-downs to move toward the Board Reserve Policy. 2025 had a buy-up because there was a projected deficit.

Fund Buy-Down/Buy-Up (in millions)								
Premium Year	State				Local			
	Medical	Rx	Dental	Total	Medical	Rx	Dental	Total
2028(TBD)								
2027(TBD)								
2026(TBD)								
2025	0.0	\$(14.5)	0.0	\$(14.5)	0.0	\$ (2.3)	0.0	\$ (2.3)
2024	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2023	0.0	86.5	0.0	86.5	0.0	4.1	0.0	4.1
2022	0.0	27.0	0.0	27.0	0.0	2.5	0.0	2.5
2021	0.0	10.5	0.0	10.5	0.0	1.7	0.0	1.7
2020	0.0	33.0	0.0	33.0	0.0	6.5	0.0	6.5
2019	0.0	49.1	0.0	49.1	0.0	7.8	0.0	7.8
2018	13.0	16.0	0.0	29.0	0.0	0.0	0.0	0.0
2017	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2016	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0	20.0	0.0	20.0	0.0	5.0	0.0	5.0
2014	0.0	20.5	0.0	20.5	0.0	3.1	0.0	3.1

- Buy-downs require additional premium in the future years to make up the amount. Conversely, Buy-ups require less premium in future years.

The buy-down or buy-up is applied by taking a % of the Rx premium rates across all groups.

Multi-Year Reserve Draw Strategy – State Option 1

- Large first year buy-up to reach low end of the range by 2026 and the high end Target Reserve by the end of 2028
- 2026 receives a premium stabilization charge of 5.1% to reach the low end of the Target Reserve by 2026. 2027 and 2028 receive premium stabilization charges of 2.6% and 0.3% to reach high end of Target Reserve by the end of 2028.
- Rates Increase of 10.5% / 3.7% / 3.7%

State Reserve Multi-year Strategy					
	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus/ (Deficit) ³	Buy-Up ⁴
2026	\$3.3	\$141.9	6.4%	\$ (138.6)	\$ (97.2)
2027	\$97.7	\$150.4	6.4%	\$ (52.7)	\$ (54.6)
2028	\$152.3	\$159.5	6.4%	\$ (7.2)	\$ (7.2)

^ Totals may not reconcile due to rounding

*Assumes \$2.8M Access/SMP Settlement for 2026

¹ Balance is at beginning of the year. Assumes no investment return between 2025-2028 and no additional gains or losses that would impact the fund balance.

² Reserve Target set to high-end of range and assumed to increase at 6% per year.

³ The Surplus refers to the money in the fund that exceeds the higher Boundary of Target Reserve at beginning of year. The Deficit refers to the fund shortage relative to the target.

⁴ Positive draw refers to a buy-down, while a negative draw refers to a buy-up to build up the reserve.

Multi-Year Reserve Draw Strategy – State Option 2

- Large first year build-up to reach low end of the range by 2026 and the midpoint of the Target Reserve by the end of 2027
- 2026 receives a premium stabilization charge of 5.1% to reach the low end of the Target Reserve by 2026. 2027 receive premium stabilization charges of 1.4% to reach midpoint Target Reserve by the end of 2027.
- Rates Increase of 10.5% / 2.5% / 4.9%

State Reserve Multi-year Strategy

	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus/ (Deficit) ³	Buy-Up ⁴
2026	\$3.3	\$119.8	5.4%	\$ (116.5)	\$ (97.2)
2027	\$97.7	\$127.0	5.4%	\$ (29.3)	\$ (29.3)
2028	\$127.0	\$134.6	5.4%	\$ (7.6)	\$ (7.6)

^ Totals may not reconcile due to rounding

*Assumes \$2.8M Access/SMP Settlement for 2026

¹ Balance is at beginning of the year. Assumes no investment return between 2025-2028 and no additional gains or losses that would impact the fund balance.

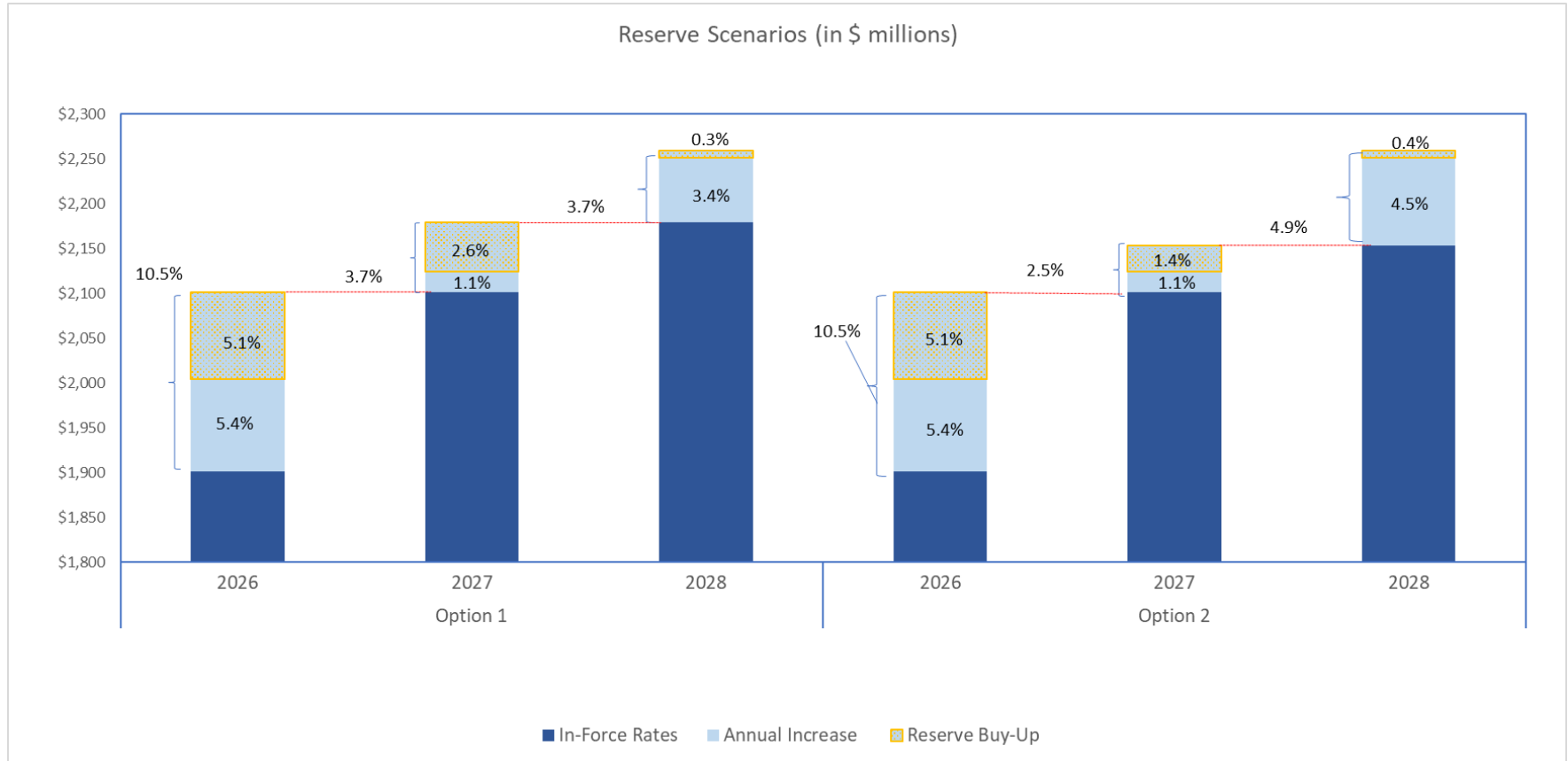
² Reserve Target set to mid-point of range and assumed to increase at 6% per year.

³ The Surplus refers to the money in the fund that exceeds the mid-point of Target Reserve at beginning of year. The Deficit refers to the fund shortage relative to the target.

⁴ Positive draw refers to a buy-down, while a negative draw refers to a buy-up to build up the reserve.

Projected State Premium Increases – Options 1 & 2

- Both Options 1 & 2 get the projected balance to the low end in 2026. Option 1 gets to the high range of the target at the end of 2028. Option 2 gets to the midpoint in 2027.



- Each option reflects the same underlying future cost increase of 6.0%, the premium differences result from funding the reserve

Multi-Year Reserve Draw Strategy – Local Option 1

- Large first year buy-up to reach low end of the range by 2026 and the high end Target Reserve by the end of 2028
- 2026 receives a premium stabilization charge of 4.9% to reach the low end of the Target Reserve by 2026. 2027 and 2028 receive premium stabilization charges of 2.4% and 0.4% to reach high-end of Target Reserve by the end of 2028.
- Rate Increases of 14.0% / 3.9% / 3.9%

Local Reserve Multi-year Strategy					
	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus/ (Deficit) ³	Buy-Up ⁴
2026	\$1.4	\$21.4	6.1%	\$ (20.0)	\$ (14.8)
2027	\$14.4	\$22.7	6.1%	\$ (8.3)	\$ (8.4)
2028	\$22.8	\$24.1	6.1%	\$ (1.3)	\$ (1.3)

[^] Totals may not reconcile due to rounding

*Assumes \$1.8M Access/SMP Settlement for 2026

¹ Balance is at beginning of the year. Assumes no investment return between 2025-2028 and no additional gains or losses that would impact the fund balance.

² Reserve Target set to high-end of range and assumed to increase at 6% per year.

³ The Surplus refers to the money in the fund that exceeds the higher Boundary of Target Reserve at beginning of year. The Deficit refers to the fund shortage relative to the target.

⁴ Positive draw refers to a buy-down, while a negative draw refers to a buy-up to build up the reserve.

Multi-Year Reserve Draw Strategy – Local Option 2

- Large first year build-up to reach low end of the range by 2026 and the midpoint of the Target Reserve by the end of 2027
- 2026 receives a premium stabilization charge of 4.9% to reach the low end of the Target Reserve by 2026. 2027 receive premium stabilization charges of 1.3% to reach midpoint Target Reserve by the end of 2027.
- Rate Increases of 14.0% / 2.8% / 4.7%

Local Reserve Multi-year Strategy					
	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus/ (Deficit) ³	Buy-Up ⁴
2026	\$1.4	\$17.9	5.1%	\$ (16.5)	\$ (14.8)
2027	\$14.4	\$19.0	5.1%	\$ (4.6)	\$ (4.6)
2028	\$20.1	\$20.1	5.1%	\$ (0.1)	\$ (0.1)

[^] Totals may not reconcile due to rounding

*Assumes \$1.8M Access/SMP Settlement for 2026

¹ Balance is at beginning of the year. Assumes no investment return between 2025-2028 and no additional gains or losses that would impact the fund balance.

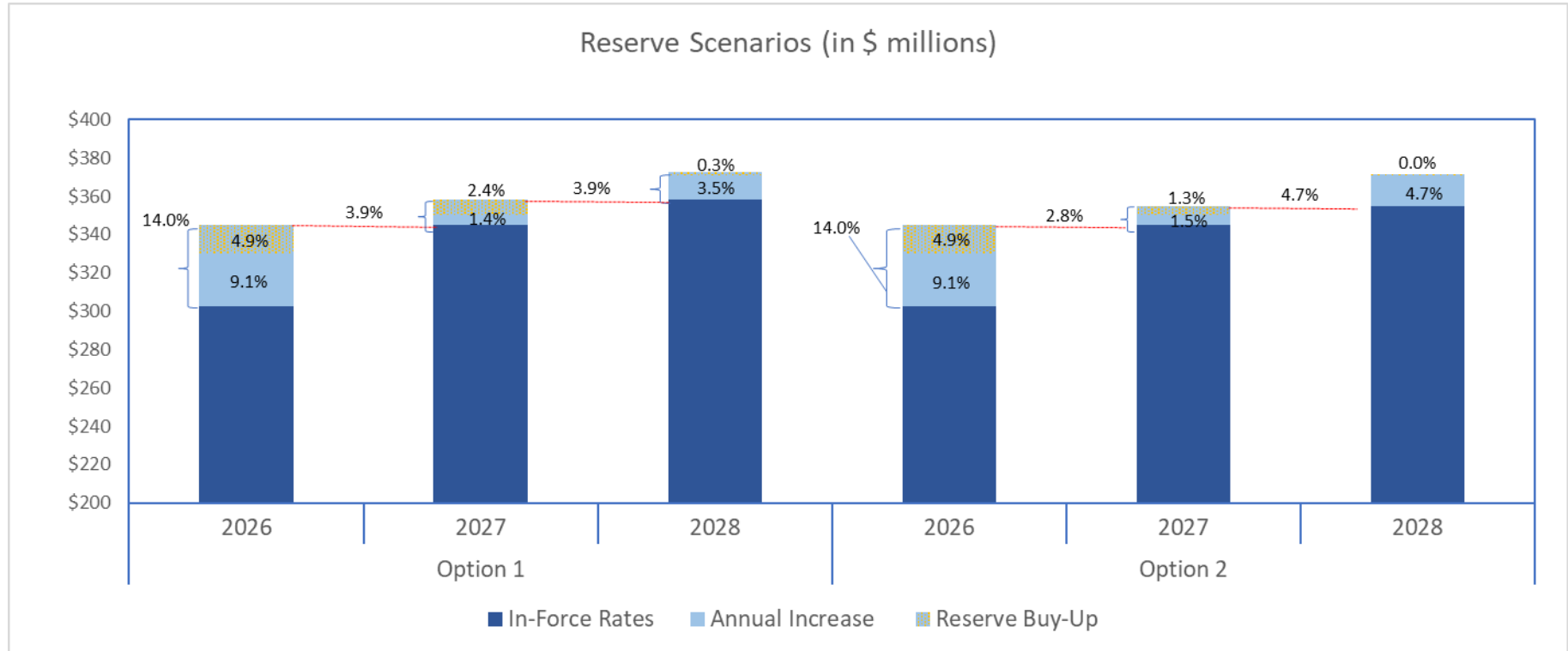
² Reserve Target set to mid-point of range and assumed to increase at 6% per year.

³ The Surplus refers to the money in the fund that exceeds the mid-point of Target Reserve at beginning of year. The Deficit refers to the fund shortage relative to the target.


⁴ Positive draw refers to a buy-down, while a negative draw refers to a buy-up to build up the reserve.

Projected Local Premium Increases - Options 1 & 2

- Both Options 1 & 2 get the projected balance to the low end in 2026. Option 1 gets to the high range of the target at the end of 2028. Option 2 gets to the midpoint in 2027.



- Each option reflects the same underlying future cost increase of 6.0%, the premium differences result from funding the reserve

- 
1. Overview
 2. Medical Plans
 3. Prescription Drug Plan
 4. Dental Plan
 5. Aggregate Renewal
 6. Fund Balance/Reserve
 - 7. 2026 Premium Alternatives**
 8. Appendix I: Renewal Process
 9. Appendix II: Interest Rate Scenario

2026 Premium Rates – With No Reserve Draw

Total Premium by Group

- The 2026 premiums reflects no buy-up for State and Locals.
- The 2025 inforce after buy-up premiums are expected to increase 5.4% in 2026 before further reserve buildup– Locals increase is 9.1%
- Premiums include medical, pharmacy, dental, and admin

	2025 Inforce (Pre BU)	2025 Inforce (Post BU)	2025 Buyup	2026 Premium (Pre BU)	2026 Need	%
State						
Non-Medicare, Non-Grad	\$1,293.4	\$1,302.1	\$8.7	\$1,369.6	\$67.5	5.2%
Medicare*	\$201.9	\$205.6	\$3.7	\$221.3	\$15.7	7.6%
Grad Assistants	\$82.0	\$82.3	\$0.4	\$85.8	\$3.4	4.2%
HDHP	\$308.7	\$310.8	\$2.0	\$327.4	\$16.6	5.3%
Total	\$1,886.1	\$1,900.8	\$14.7	\$2,004.0	\$103.2	5.4%
Local						
Non-Medicare, Non-Grad	\$266.1	\$267.9	\$1.8	\$291.6	\$23.7	8.9%
Medicare*	\$9.1	\$9.3	\$0.2	\$10.5	\$1.2	13.1%
HDHP	\$25.3	\$25.4	\$0.2	\$28.1	\$2.7	10.4%
Total	\$300.5	\$302.7	\$2.2	\$330.3	\$27.6	9.1%
Grand Total	\$2,186.6	\$2,203.5	\$16.9	\$2,334.3	\$130.8	5.9%

^ Totals may not reconcile due to rounding

* Medicare includes Family 1 contracts

2026 Premium Rates – with Option 1 & 2 Reserve Buildup

- State increases the reserve \$97.2 million in 2026 to bring the overall increase from 5.4% to 10.5%
- Local increases the reserve \$14.8 million in 2026 to bring the overall increase from 9.1% to 14.0%
- Aggregate increase after reserve build-up is 11.0%

	2025 Inforce (Post BU)	2026 Premium (Pre BU)	2026 Buyup	2026 Premium (Post BU)	\$ Change	% Change
State						
Non-Medicare, Non-Grad	\$1,302.1	\$1,369.6	\$57.5	\$1,427.1	\$125.0	9.6%
Medicare*	\$205.6	\$221.3	\$24.0	\$245.3	\$39.7	19.3%
Grad Assistants	\$82.3	\$85.8	\$2.3	\$88.1	\$5.8	7.0%
HDHP	\$310.8	\$327.4	\$13.4	\$340.8	\$30.0	9.7%
Total	\$1,900.8	\$2,004.0	\$97.2	\$2,101.2	\$200.4	10.5%
Local						
Non-Medicare, Non-Grad	\$267.9	\$291.6	\$12.4	\$304.0	\$36.1	13.5%
Medicare*	\$9.3	\$10.5	\$1.3	\$11.8	\$2.5	26.7%
HDHP	\$25.4	\$28.1	\$1.1	\$29.2	\$3.8	14.9%
Total	\$302.7	\$330.3	\$14.8	\$345.1	\$42.4	14.0%
Grand Total	\$2,203.5	\$2,334.3	\$112.0	\$2,446.3	\$242.8	11.0%

^ Totals may not reconcile due to rounding

* Medicare includes Family 1 contracts

Questions & Discussion

★ Segal Consulting

Kenneth Vieira, FSA, FCA, MAAA
Senior Vice President
KVieira@segalco.com


★ Segal Consulting

Patrick Klein, FSA, MAAA
Vice President
Pklein@segalco.com

★ Segal Consulting

Zachary Vieira, ASA, MAAA
Health Actuary
Zvieira@segalco.com

Thank you!

- 
1. Overview
 2. Medical Plans
 3. Prescription Drug Plan
 4. Dental Plan
 5. Aggregate Renewal
 6. Fund Balance/Reserve
 7. 2026 Premium Alternatives

8. Appendix I: Renewal Process

9. Appendix II: Interest Rate Scenario

Medical Plans – Fully Insured Renewals

➤ Health Plans (HMOs)

- Primarily designed for in-state members
- Renewal consistent with process from last 10 years
- Administered by: Aspirus, Dean, GHC-Eau Claire, GHC-SCW, HealthPartners, Medical Associates, MercyCare, Network, Quartz, Security
- Tier model “managed competition” approach

➤ Access Plan, State Maintenance Plan (SMP), and Medicare Plus

- Mostly utilized for out of state members and in-state members in counties without qualified, Tier 1 plan option
- Fully Insured plans administered by Dean for Access/SMP and UHC for Medicare Plus
- Traditional underwriting renewal
- Two-sided gain sharing agreement in place (Access and SMP only)
 - ETF pays Dean 100% of claims over 90% MLR; receives 50% under 90% MLR

➤ IYC Medicare Advantage (MA)

- Designed for in and out of state Medicare eligible members
- Administered by UHC
- Traditional underwriting renewal used

Overall Renewal Process

- The negotiation process involved the following:
 - December: Segal prepared addendum collection requirements
 - January: ETF reviewed requirements and requested data from Plans
 - January 31: Addendum data submitted to Segal
 - February: Segal compiled data and calculated tier breakpoints
 - February 14: Preliminary Rate Quotes submitted to Segal
 - March: Segal compiled rates and placed Plans into premium tiers
 - March 17: Plans notified of their tier placement and offered renewal meeting to discuss
 - March 24-28: Renewal meetings held with Plans
 - April 4: Best and Final Offers received from Plans
 - April 4: Segal receives Fund Balance Reserve through February from ETF

Collect Addendum Reports & Data

- Plans are required to provide addendum reports for each group separately: State (Non-Medicare, Medicare, Grads), Local (Non-Medicare, Medicare), High Deductible Health Plan (HDHP), Total Organization (Non-Medicare, Medicare)
- The reports include:
 - Enrollment and membership demographics
 - Fee For Service claims and capitation encounter experience
 - Medical trend assumptions
 - Administrative expenses
 - Rate development
 - Medical loss ratio report
 - Large claimant information
 - Actuarial certification
- Addendum claims and capitation reports were validated using the Board's claims data warehouse, administered by Merative (DAISI)
- Network adequacy reports were submitted and utilized to determine which plans are qualified in each county

Tier Breakpoint Development – Based on Addendum

- Incurred claims and capitation experience are compiled for each plan
- Health Plans PMPMs were adjusted to reflect overstated/understated Cost Per Service from pre-pandemic numbers based on Merative analysis
- Adjusted base period claims PMPM are trended forward with projected “limited” trends
- Administrative costs are added up to a threshold— no increase from 2025 amount
- Total PMPMs are then risk adjusted, combining three factors:
 1. Retrospective Merative risk score (30%)
 2. Age/sex score (20%)
 3. Region factor (50%)
- Breakpoints are then set for Tiers 1, 2 and 3 taking into account normalized costs by plan and program budget

The overall Tier 1 breakpoint increase was estimated to be 5.6% for State and 7.0% for Locals.

Compile Tier Placement From Preliminary Bid

- Plans submit their Preliminary Bids knowing there is an opportunity for negotiations and movement to Tier 1
- Tier placement is performed using the State Non-Medicare group only; negotiations of other groups follow by design
- Bids are risk adjusted using an overall risk score comprised of prospective Merative risk score (30%), age/sex (20%) and region (50%) — similar to experience adjustment except risk is prospective vs. retrospective
- Credits are then applied to reflect quality (credits were reduced 50%) and catastrophic claims experience
- The final adjusted rates are compared to the tier breakpoints developed from the Addendum experience rate projections
- Plans are notified of their tier placement and given the opportunity to meet and discuss results

There is no direct link from the Addendum projected rates to the Preliminary Bid.

WPE (Locals) Tier Placement From Preliminary Bids

- In 2019, a tier process similar to the State was implemented for the Locals
 - The primary difference is that Locals, due to their size, combine Dane and Non-Dane to produce one overall statewide model
- The variability in size necessitates additional smoothing techniques and limitations
- Catastrophic claims were given additional weight in the development
- Consistent with last year, limitations (adjusted for quality credits) were placed on rate increases and % of State Rate for plans to be in Tier 1/2/3

Network Access Qualification


- A plan must meet at least 90% geo-access in the county for the inpatient hospitals, primary care physicians (includes Internal Medicine, Family Medicine and General Medicine) and chiropractors
- If a geo-access requirement above is not met, the plan can alternatively meet the qualification requirement for any county by:
 - Inpatient Hospitals: the plan must have at least one (1) general hospital under contract and/or routinely utilized by in-network providers available per county
 - Primary Care Physicians: the ratio of full-time equivalent primary physicians accepting new patients to total participants in a county or major city is at least one per two thousand (1.0/2,000) with a minimum of five (5) primary care physicians per county
 - Chiropractors: one (1) chiropractor must be available in each county
- For a plan to be fully qualified in county, the plan must be a qualified in that county **and** be Tier 1
- If no plans meet the requirements above for a given country, the SMP will be available

Prescription Drug Plan

- Rating groups below are necessary to minimize volatility:
 - **State:** Regular, Grads, and Medicare
 - **Local:** Regular and Medicare
- Claims data was received from Navitus and used in our analysis
 - Baseline data utilized the most recent 12 months of claims, February 2024 through January 2025
- Annual top-line claims trend of 7.0% used for actives and -0.1% for retirees in projection based on Navitus projected claims trends for 2025 and 2026.
- We received and utilized administrative expenses, expected rebates and Medicare Part D subsidies provided by Navitus for the rate development
- The actual net prescription costs were higher than prior Navitus assumptions, yielding a small loss
- The Navitus recast of 2025 and 2026 cost assumptions further drove the composite (State and Local) rate increase of 7.5%

Reserve Policy

- In August 2017, Segal was asked to review the reserve policy in place and recommended some modifications at the August 30, 2017, Board meeting
- The proposed policy looked at a number of factors and recommended reducing the reserve levels for the self-insured pharmacy and dental programs
- The new policy, approved by the Board, sets reserves at:
 - Medical: 3% to 5% of premiums
 - Pharmacy: 8% to 10% of projected claims
 - Dental: 5% to 7% of projected claims
- Last year the projected reserve balance was below the target range. The board approved a scenario with a reserve build-up in 2025 and planned to build up the reserve to the midpoint by the end of 2027 by incorporating an additional rate load.

- 
1. Overview
 2. Medical Plans
 3. Prescription Drug Plan
 4. Dental Plan
 5. Aggregate Renewal
 6. Fund Balance/Reserve
 7. 2026 Premium Alternatives
 8. Appendix I: Renewal Process

9. Appendix II: Interest Rate Scenario

Multi-Year Reserve Draw Strategy – State Option 1 with Cash Investment Income

- Large first year buy-up to reach low end of the range by 2026 and the high end Target Reserve by the end of 2028
- 2026 receives a premium stabilization charge of 5.2% to reach the low end of the Target Reserve by 2026. 2027 and 2028 receive premium stabilization charges of 2.6% and 0.1% to reach high end of Target Reserve by the end of 2028.
- Rates Increase of 10.7% / 3.5% / 3.5%

State Reserve Multi-year Strategy					
	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus/ (Deficit) ³	Buy-Up ⁴
2026	\$0.8	\$141.9	6.4%	\$ (141.1)	\$ (99.6)
2027	\$97.7	\$150.4	6.4%	\$ (52.7)	\$ (54.0)
2028	\$156.7	\$159.5	6.4%	\$ (2.8)	\$ (2.8)

^ Totals may not reconcile due to rounding

*Assumes \$2.8M Access/SMP Settlement for 2026

¹ Balance is at beginning of the year. Assumes 6.4% investment return between 2025-2028 on projected cash balances and no additional gains or losses that would impact the fund balance.

² Reserve Target set to high-end of range and assumed to increase at 6% per year.

³ The Surplus refers to the money in the fund that exceeds the higher Boundary of Target Reserve at beginning of year. The Deficit refers to the fund shortage relative to the target.

⁴ Positive draw refers to a buy-down, while a negative draw refers to a buy-up to build up the reserve.

Multi-Year Reserve Draw Strategy – Local Option 1 with Cash Investment Income

- Large first year buy-up to reach low end of the range by 2026 and the high end Target Reserve by the end of 2028
- 2026 receives a premium stabilization charge of 4.3% to reach the low end of the Target Reserve by 2026. 2027 and 2028 receive premium stabilization charges of 2.1% and 0.2% to reach high end of Target Reserve by the end of 2028.
- Rate Increases of 13.4% / 4.1% / 4.1%

Local Reserve Multi-year Strategy					
	Balance ¹	Target ²	% of Claims/ FI Premium	Surplus/ (Deficit) ³	Buy-Up ⁴
2026	\$2.3	\$21.4	6.1%	\$ (19.1)	\$ (12.9)
2027	\$14.4	\$22.7	6.1%	\$ (8.4)	\$ (7.1)
2028	\$23.2	\$24.1	6.1%	\$ (0.9)	\$ (0.9)

[^] Totals may not reconcile due to rounding

*Assumes \$1.8M Access/SMP Settlement for 2026

¹ Balance is at beginning of the year. Assumes 6.4% investment return between 2025-2028 on projected cash balances and no additional gains or losses that would impact the fund balance.

² Reserve Target set to high-end of range and assumed to increase at 6% per year.

³ The Surplus refers to the money in the fund that exceeds the higher Boundary of Target Reserve at beginning of year. The Deficit refers to the fund shortage relative to the target.

⁴ Positive draw refers to a buy-down, while a negative draw refers to a buy-up to build up the reserve.