

Parsons Risk Strategies

Actuarial Forecast 2026/2027 for Roanoke County Public Schools

School Board Budget Work Session – February 24, 2026

Agenda – February 24, 2026

1. Self-Insurance – Save and Empower to Actively Manage the Plan
2. RCPS Claims History 2023-2025
3. RCPS High Cost Claims History 2023-2025
4. RCPS Claims Forecast for 2026/2027
5. Summary

- Discuss Self-Insurance vs Fully Insured (black box, bundled, profit margin built into premium)
 - Saves 10-15% vs Fully Insured
 - Empower plan sponsor to actively manage the health plan and lower costs
 - Unbundle and leverage best practices and vendors
 - Actively manage plan including High-Cost Claimants (HCC)
 - Stop Loss to limit claims spikes and trends
 - Recommend a Written Funding and Cash Balance Policy for the Medical Self-Insurance Fund
 - Build Strategies then align the right vendors
 - **Fulfill Fiduciary Roles and Responsibilities**

Table 3: RCPS Claims History

RCPS Annual Claims								
Calendar Yr	Participants	Medical	+ Drug =	Med & Drug	+Network Fees	- Stop Loss	- Rx Rebates=	Net Paid
2023	1,618	\$13,047,208	\$6,213,649	\$19,260,857	\$900,000	(\$362,708)	(\$2,329,440)	\$17,468,709
2024	1,630	\$15,580,583	\$7,251,656	\$22,832,239	\$900,000	(\$944,097)	(\$2,346,600)	\$20,441,542
2025	1,627	\$16,547,221	\$8,175,805	\$24,723,026	\$980,777	(\$1,555,970)	(\$2,342,520)	\$21,805,313
					Reimbursements over \$250k			
Claims Per Employee Per Month								
Calendar Yr	Participants	Medical	+ Drug =	Med & Drug	+Network Fees	- Stop Loss	- Rx Rebate=	Net Paid
2023	1,618	\$672.12	\$320.09	\$992.21	\$46.36	-\$18.68	-\$120.00	\$899.89
2024	1,630	\$796.76	\$370.83	\$1,167.59	\$46.02	-\$48.28	-\$120.00	\$1,045.34
2025	1,627	\$847.66	\$418.82	\$1,266.48	\$50.24	-\$79.71	-\$120.00	\$1,117.02
Percentage Increase								
		Medical	Drug	Med & Drug	+Network Fees	Stop Loss	Rx Rebates	Net Paid
Increase 2023 to 2024		18.5%	15.9%	17.7%	-0.7%	158.4%	0.0%	16.2%
Increase 2024 to 2025		6.4%	12.9%	8.5%	9.2%	65.1%	0.0%	6.9%
Avg Inc 2023 to 2025		12.3%	14.4%	13.0%	4.1%	106.5%	0.0%	11.4%

Table 2: RCPS High Cost Claimants

RCPS High Cost Claimants HCC						
		<u>2023</u>		<u>2024</u>		<u>2025</u>
Over \$250,000		1,362,708		2,444,097		3,555,970
Stop Loss Paid		(362,708)		(944,097)		(1,555,970)
	# HCC	RCPS Paid	# HCC	RCPS Paid		RCPS Paid
RCPS \$250,000	4	1,000,000	6	1,500,000	8	2,000,000
\$50,000-250,000	59	5,412,121	90	9,620,123	103	10,468,978
<u>\$25,000-50,000</u>	<u>62</u>	<u>2,210,211</u>	<u>92</u>	<u>3,222,274</u>	<u>89</u>	<u>3,150,313</u>
Total HCC over \$25k	125	8,622,332	188	14,342,398	200	15,619,291
<u>\$1-24,999</u>		<u>11,138,525</u>		<u>8,445,744</u>		<u>8,528,540</u>
Total Claims	2023 Est	19,760,857	2024 Actual	22,788,142	2025 Actual	24,147,831
Increase Little/Big Claims \$50k to \$250k			31	4,208,002	13	848,855

Table 3: RCPS Claims & Fees Forecast 26/27

RCPS Claims Forecast 7/1/26 - 6/30/27									
		Medical		Prescription		Medical & Rx			
Calendar Year		2024	2025		2024	2025		2024	2025
Net Claims b4 Rebates		\$15,536,486	\$16,162,902	Includes Net-	\$7,251,656	\$7,984,929		\$22,788,142	\$24,147,831
Participants		1,630	1,627	work Access	1,630	1,627		1,630	1,627
PEPM		\$794.50	\$827.98	Fees	\$370.83	\$409.04		\$1,165.34	\$1,237.02
Trended 7.5% & 10%		\$951.95	\$922.85		\$470.61	\$471.91		\$1,422.56	\$1,394.76
Current Participants		1,617	1,617		1,617	1,617		1,617	1,617
Claims Forecast 2026/27		\$18,471,723	\$17,906,934		\$9,131,715	\$9,156,917		\$27,603,438	\$27,063,852
		30%	70%		0%	100%			
			\$ 18,076,371			\$ 9,156,917			\$27,233,288
Claims Load			100%			100%			
Claims Forecast 2026/27			\$ 18,076,371			\$ 9,156,917			\$27,233,288
	Anthem Misc Fees		\$115,400		Rx Rebates	(\$2,425,500)		(\$2,310,100)	Annual Trend
									9.8%
Claims Forecast 2026/27			\$18,191,771			\$6,731,417		2026/27	\$24,923,188
								2025 CY	\$21,805,313
									\$ 1,117.02
Anthem Administrative Fee and PCORI Fee								\$500,100	
Anthem Stop Loss Fee - 25% increase over 2025/2026								\$2,383,393	
Total Costs								\$27,806,681	

Summary

- Self-insuring saves on fixed costs and allows the plan sponsor to actively manage the plan.
- Comment on Timeline – data received 2/6/26, more data driven insights and related strategies to come.
- Table 1: Claims History
 - Claims spike in 2024 has grown in 2025. New Normal? Lagging inflation due to new hospital contracts?
 - Average trend (inflation) for claims is 11.4% over the two year period 2023 to 2025
 - RCPS not alone in experiencing this trend. Coast to Coast.
- Table 2: High Cost Claimant
 - Mega Claims over \$250,000
 - 4 claimants in 2023, 6 in 2024, 8 in 2025
 - \$1.0 million in 2023, \$1.5 million in 2024 and \$2.0 million in 2025
 - Little/Big Claims from \$50,000 to \$250,000
 - 59 claimants in 2023, 90 in 2024, 103 in 2025
 - \$5.4 million in 2023, \$9.6 million in 2024 and \$10.5 million in 2025
- Table 3: Actuarial Forecast for 2027 fiscal year
 - Claim Forecast is a 9.8% annual trend at \$24.9 million for medical and drug claims
 - Based on 2024 and 2025 claims for RCPS
 - Anthem forecast of claims was \$24.8 for the 2027 fiscal year

Innovative Insurance Group

Sam Irby, Consultant



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Goals

- Minimize Employee Disruption
- Avoid Downgrading Benefits
- Offer Competitive Benefit Plans & Rates
- Research Options To Meet Employee Needs
- Educate Employees – Explain Benefits & Tax Advantages

Review & Analyze

- Clinical Data from Anthem Requested
- HRA/HSA Contribution Methodology
- Cost to change accumulators from Calendar Year to Plan Year
- Spousal Exclusion
- Voluntary Benefit Options
- Dental
- Rx Analysis
- Reinsurance Pricing
- Universal Credit – in addition to Wellness Credit
- Preventive Rx Options
- Medical Pricing

Spousal Exclusion Example

- Spouses who have access to group health insurance through another employer will no longer be eligible for enrollment with the Schools plan.
- This eligibility change will allow RCPS to maintain affordable coverage for its employees, spouses who have no other health coverage choice, and dependent children.

Thank you