



Escambia County
PUBLIC SCHOOLS

ESCAMBIA COUNTY PUBLIC SCHOOLS

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KEITH LEONARD, SUPERINTENDENT

July 8, 2026

Employee Benefits Committee Members
Union Bargaining Council
75 North Pace Blvd.
Pensacola, FL 32505

Re: Response to the EBC Recommendations for 2027

Dear EBC Members:

I want to thank each member of the Employee Benefit Committee (EBC) for their dedication, hard work and numerous hours spent finding solutions to the complex insurance issues facing the District each year.

MEDICAL: After reviewing the information from Aon and also reading the EBC recommendations for both the medical and dental plans and premium schedules for the 2027 plan year, it's obvious that a great deal of thought and energy was provided by the committee.

I understand that Aon, our trust fund consultant, has estimated that while the Trust Fund balance is up through the end of May 2026, the medical plan fund is projected to end the 2026 plan year with a surplus of approximately \$644K. This shows that the projected trust fund balance should increase to approximately \$2.3M by December 31, 2026 if the projections are realized.

This balance is still well below what the Department of Insurance (State of Florida) will require to continue as a self-funded medical trust fund. For our 112.08 filing to be approved effective 6/30/2026 and thereafter, the State will need to see that the Trust is making changes to cover the cost of projected claims plus an improvement in the Trust fund reserves. I understand for the 2027 plan year, if no changes are made, AON actuaries have estimated that plan costs will exceed plan revenue by approximately \$2.6M (6.7%) which equates to a needed 6.7% increase to break even in premium revenue, reductions in costs, or a combination thereof to cover the anticipated shortfall for 2027.

The committee apparently understands the drastic nature of the matter and has carefully considered a balance of plan design changes, and premium increases. I was encouraged to see that the premium schedule only reflects a 5.3% increase in premiums (with sticking with Board funding of 73%) and the remainder in plan design changes and/or marketing strategies to encourage more participation in the Surest Plan to achieve both savings to the employee and plan. It is my understanding that the premium cost per plan per tier are reflected by the actuarially assigned values of each plan.

I see that the plan design changes involve changing the Emergency Room visit for the three non-Surest plans from a co-pay/coinsurance to a deductible/coinsurance in an attempt to encourage employees to use a more cost-effective medical delivery service for non-emergent care. In addition, raising deductibles and out-of-pocket limits by \$500 each for the three (3) non-Surest Plans which usually only impacts higher cost claims versus the larger number of employees that never reach either the deductible or out-of-pocket thus impacting a small number of employees. No other plan design changes were made to the existing HSA, Base HRA, and the NHP plans which will also be good for employees to see no other changes in these three plans. I see that the NHP plan still serves as the lowest cost option for employees where the employee contribution is no greater than 10% of the single premium cost share. This meets the agreement previously made with both collective bargaining groups.

I also agree with establishing a budget for a catastrophic stop loss policy to be implemented for the 2027 plan year. With low reserve balances, insuring against a multi-million-dollar shock claim(s) is both prudent and needed to keep the Benefit Trust Fund solvent. These \$5-\$10M claims are being seen routinely among several other plans, which would bankrupt our plan without a stop loss policy.

I do feel that it is crucial to get the medical premium schedules and plan changes approved by both the Bargaining Counsel and employees during the ratification process in order to spend sufficient time explaining the changes well in advance of our annual open enrollment period to be held in late October 2026.

DENTAL: Aon has indicated that dental plan expenses have exceeded dental plan premiums each of the last five (5) years plus projected to continue during the current 2026 plan year. Currently, the District's dental plan is fully insured and the carrier bears the cost of this deficit. When the current contract renews for 2027, the estimated premiums *were* set to increase by around 22%. Fortunately, our current provider, The Standard, has offered a one (1) year renewal to increase premiums by only 15% in an effort to stabilize losses. I understand that plan design changes and a 2-year agreement were discussed, I am appreciative that the committee recommended only the premium increase for less confusion to our employees. I applaud the EBC's work and recommendation on the dental plan needs for 2027.

WELLNESS: In addition, premium increases can be offset by those that choose to either continue or begin participating in the Wellness Challenge by earning \$40/month for the employee and an additional \$30/month for those employees with dependent spouses covered by the District's medical plan. By increasing participation in the wellness initiatives, our medical plan should see a positive return on investment by reducing medical cost, plus having healthier employees and their covered spouses. We know that healthier employees result in positive achievement in the classroom and work environment. I understand that the EBC will be discussing the possibility of moving to an outcome/activities-based wellness initiative in the upcoming months to hopefully encourage more positive outcomes for all employees. I applaud the thinking of the EBC for this future possibility.

I will be recommending the bargaining committees and ultimately the Board to accept all of the changes as recommended by the Employee Benefits Committee.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Leonard", with a stylized flourish at the end.

Keith Leonard
Superintendent