

# Introductions

Dr. Ana Ochoa: Moderator  
- *Asst. Superintendent of Business & Finance,*  
*Burbank School District 111*



Scott R. Shouse: Speaker  
- *Vice President of Employee Benefits,*  
*Gallagher*



Insurance | Risk Management | Consulting

Ray Toliver: Speaker  
- *Chief School Business Official,*  
*Carbondale Community High School District 165*



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Title of presentation:

**“Rising Health Insurance Costs and how to best mitigate by using a Self-funded Model”**

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# “Health Care vs. Health Insurance”

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- Terms often get used interchangeably; we firmly believe you cannot talk about one without the other
- NOT the same thing - one DRIVES the other!
- Health Insurance is usually an employer’s **2<sup>nd</sup>** highest expense; after payroll

# “Employers Face a Problem with NO End in Sight”

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- 2025 data – Average annual premiums for Employer-Sponsored Family coverage (enrolled in PPOs) rise to **\$28,272**; average annual Single premiums rise to **\$9,818**
- Over the last 5 years, the average Family premium has increased an approximate **26%**

Source: Henry J. Kaiser Family Foundation

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# Rising Healthcare costs in 2026

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**From the Wall Street Journal** (article dated 9/11/2025)

- Median Healthcare costs to rise by 9.5% in 2026
- Biggest Health Insurance cost increases in 15 years (2011)

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# Factors contributing to rising costs

- **Medical inflation** – rising costs of Hospital care, Physician services, and *Prescription drugs as a primary driver*
- **Specialty & Injectable Drug costs** – *particularity for Cancer, the high cost of Specialty drugs - (ex. Kisqali – can cost up to \$20k/month) and Injectable drugs – (ex. Ultomiris – can cost up to \$195k/EVERY 8 weeks)*
- Weight Loss medications like **GLP-1s** (monthly cost range of **\$900-\$2,000**)
- **Demand for services** – increased demand for services related to Cancer and Mental Health

# The solution: Self-funding your Health Insurance program

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- Self-funded Health Insurance was formalized with the passage of the Employee Retirement Income Security Act (ERISA) in 1974.
- It is the **BEST** (and I would say **ONLY**) path to financing the ever increasing cost of Healthcare (Medical & Rx).

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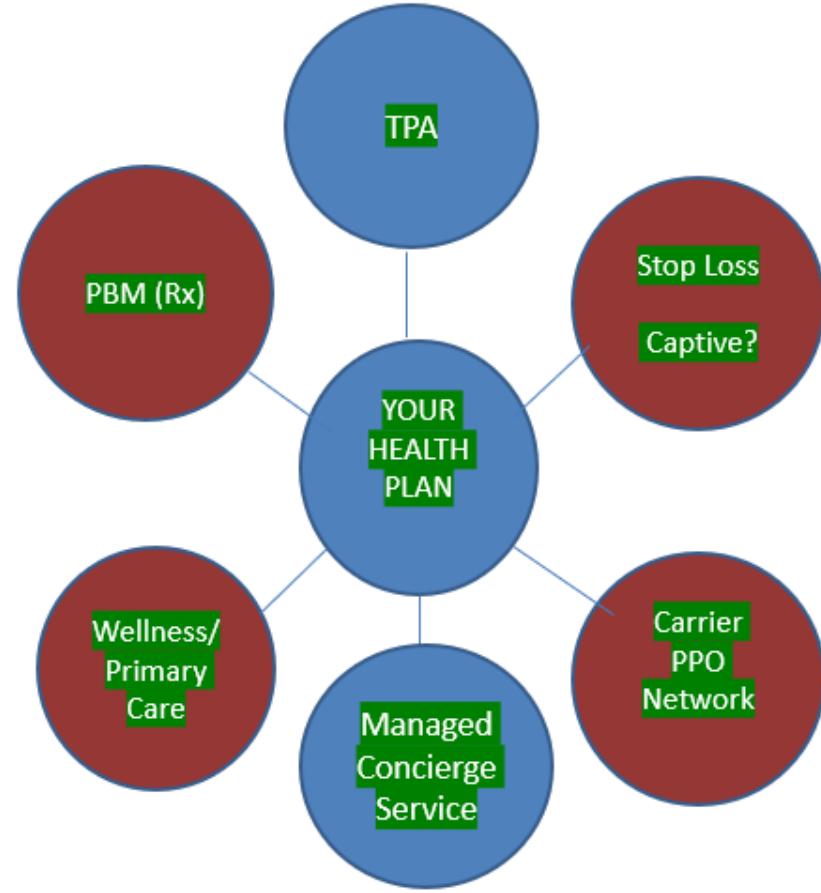
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# “OUR Program’s model”

## Employer in **TOTAL CONTROL** of program

Self Funded (Unbundled/Customized/  
Transparent) Program



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# Benefits Captive - Stats



Employer Members:  
**4,000+**



Covered lives:  
**1.3M+**



Stop Loss premium:  
**\$2B+**



Healthcare spend under management:  
**\$8B+**



Renewals won:  
**13,000+**



Retention rate:  
**95%**



**0 New lasers**

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# CCHS Journey

- Insurance broker presents renewal options in late March/early April
  - Averaging anywhere from an 8%-15% increase year over year
- No time to be proactive with this approach
  - Blue Insight report wasn't available until late March/early April
- District needs a solution but there was no answer at the time
- 2 – years out from negotiations and Health Insurance costs are rising significantly year over year
- Opt-out of Fully-funded coverage
- Open new bank account for “Self-funded Insurance” plan
  - Run all Health Insurance transactions through this account

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# Self-Funding: Feasibility

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- Fund Balances
  - Do you have the Fund balances to assume responsibility for claims
    - Roughly 2 month lag-time between start up and 1st Claims register
  - However you decide to fund the claims, if your claims exceed your funding, do you have the ability to use your reserves until you catch up

# Self-Funding: Feasibility

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- Personnel
  - Do you have the staff to assume responsibility for setup and coordination of a Self-funding plan
    - Broker will assist but staff is needed during the onboarding process, open enrollment, and other occasions as situations arise
- Plan customization
  - Mirror current benefit plan(s) with enhancements
    - SHARx
    - Employee Assistance Program
    - Employee Well-Being Opportunities

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# Education

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- Emergency Room Visits
  - Is it Necessary?
  - Can we use Prompt Care instead?
- Prescriptions
  - Generic (Avg. Cost per claim for March \$23.31) (1,325)
  - Brand Name (Avg. Cost per claim for March \$401.68) (148)
  - Specialty (Avg. Cost per Claim for March \$1,319.54) (30)
- Use your broker as a resource!

# Problems Can Be Resolved

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- Billing/Plan Coverage
  - Initially with our new plan, local providers were having issues billing properly which lead to concerns. Gallagher was able to resolve all issues through attrition and communication
- Prior-Authorizations
  - New plan means that medication doses employees were getting previously are not valid unless determined specifically under the new plan
  - GLP-1s, Specialty Dugs
    - Better to be proactive in this area than reactive

# Solutions - #1

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- **SHARx**
  - Program specifically for employees that use high-cost medications such as GLP-1s
  - Cost for medication is significantly lower for employee and district when employee enrolls into this program
    - We didn't give our employees an option to enroll if they use high cost medications
    - There is an enrollment/onboarding process for this that takes time, but our employees have been satisfied with the end result
  - This is an example of how you can be proactive and use tools at your disposal to enhance your plan for employees and the district

# Solutions - #2

- **Captive Membership**
  - Long-term strategy based on longstanding and proven, Self-Funded principles
  - Stop Loss contract provides the best in Risk mitigation protection :  
**NO NEW “LASERS”** on future high-cost claimants/Most favorable rate increase cap on Stop Loss premiums
  - **NO** Financial penalty to exit (unlike most Benefit/Insurance Trusts)
  - Highly effective risk management solution with experienced Broker leadership

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# Data is King!

- Fully-funded
  - \$1.8M spent on insurance in FY24
  - Not much groundwork, accept annual renewal increase and pay premiums
- Self-funded
  - \$1.8M spent on insurance in FY25
    - Same cost year over year with no increase
    - Ended fiscal year with \$60k in “Insurance Account” to continue building fund balance
      - District is not looking to make a profit
      - District receives Pharmacy Rebates directly (\$12k as of 2/28/26)
  - \$1.4M spent as of 3/31/26
    - Current insurance account balance is \$155k as of 2/28/26

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# This is Not a Sales Pitch!

This is an opportunity to get information  
on other options besides Fully-funded  
Health Insurance plans

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# Questions and Answers

*We thank you for your time!*

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# Presenters:

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